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- Executive Compensation Surveys
- Role of Foremen During a Strike
- Life Insurance for Retired Employees
- Executive Selection – New Approach

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• In the Record •

Compensation Surveys for High-Level Positions

What is the "going salary rate" for high-level professional and executive positions? For instance, should a treasurer's compensation be set as a certain percentage of the vice-president's? And, if so, how much should the vice-president get?

Often, salaries for executive positions are left pretty much to individual bargaining, which is apt to result in a salary structure that defies all the rules. However, one of the reasons for this haphazard approach is that information on compensation for similar positions in other companies is often not available, so that a well-formulated and workable executive compensation program is hard to set up. Perhaps this is one of the reasons why executive salary surveys are no longer looked upon with such a jaundiced eye.

In the story starting on the next page, these surveys are given a very thorough examination. Their advantages and weaknesses are weighed, with attention directed to the problems involved in setting up a survey so that the data collected will be both reliable and useful. Case studies of two successful surveys show how such data are being used to advantage by companies today.

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Life Insurance for Retired Employees

More attention is being focused on the problems of the aged today than ever before. And with our "older generation" increasing by leaps and bounds, their needs are likely to become even more important in the future.

Industry reflects this growing concern. In recent years, many companies have increased their assistance to retired employees. In addition to the basic pension, they have initiated many new benefits, the most common of which is life insurance protection. A recent Conference Board study found that 55% of 187 companies surveyed in 1956 extend life insurance protection to their retired employees—most by continuing benefits, on a reduced basis, from a group term insurance plan. However, a few companies have programs that use paid-up insurance. This type of insurance, once purchased, remains permanently in force without further premiums and has a cash-surrender value as well.

Starting on page 422, "Life Insurance for Retired Employees" discusses the many facets of these current plans.

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Foremen During a Strike

The foreman, because he is often the only member of management who has direct working contact with the rank and file, plays a special role in a strike situation. Upon his proper conduct may depend the orderly cessation of work and the protection of valuable material and machinery. Often it is also within his province, by judicious action, to prevent what might otherwise become a wildcat strike, or persuade the men to return to work if they have already left their machines.

Because of these and other reasons, many companies issue special strike instructions to their supervisors—both in terms of an authorized stoppage and in the wildcat situation. A Board survey finds that forty-eight out of ninety-three companies that have experienced a strike in the last five years prepare such instructions for their supervisors. "Foremen During a Strike" reports on what is covered in these instructions as well as what foremen do in various companies once a strike is under way. The article starts on page 426.

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Companies Study Executive Selection Cooperatively

A growing shortage of competent executives for industry is forcing many companies to "make do" with assistants or leave important posts open for long stretches of time. However, most experts agree that the problem isn't a shortage of managerial talent but of finding it.

One of the most promising solutions to this problem is the scientific study of what makes a good executive. Two different groups are now conducting such studies on a cooperative basis. Their aims are to find the criteria of effective performance and to help create objective standards for the selection of trainees. Both these important studies involve long-range research programs and their results will not be known for some time. The article on page 430 explains how these two projects operate, and reports on some of the studies now in progress.

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Prices and Wages

The gentle but persistent upward thrust in the prices consumers pay for goods and services continued to mid-October—the most recent pricing. The advance has taken on all the characteristics of a general rise in prices, whereas early in 1956 there were some divergent trends, with food below year-earlier levels.

The other side of the coin shows no break in the upward movement in wage and salary levels. The Board's compilation of confirmed settlements over the month indicates that the rise in pay for industrial wage and salary personnel is more than holding its own against the upward movement of prices. Details can be found in two articles—prices on page 437, wages on page 451.

Compensation Surveys for High-Level Positions

The pros and cons of these surveys and the techniques used are considered. Case studies of two successful surveys show how it can be done

WHAT IS fair compensation for an advertising manager, a budget director, a production superintendent, a sales vice-president or any other high-level position? Is the salary structure for top and middle management and professional positions too high or too low? Do compensation policies and practices meet current and future needs?

Important though these questions are, answers to them are seldom readily available to companies.

The circumspection that has surrounded executive compensation during the past decade has emphasized the need for some reliable bench marks to determine fair compensation rates. And as a method for pricing high-level positions, there is widespread interest among large and medium-size companies today in compensation surveys. Heretofore, top managements viewed such surveys with a jaundiced eye. The change in outlook is reportedly due to the value companies see in well-formulated and wisely administered executive compensation programs. And they have come to the realization that it is no easy task to determine whether an executive salary structure is out of line unless they have information on "community practices."

PURPOSE OF SURVEYS

Such surveys have long been used in setting rank-and-file rates. Indeed, a survey of wages and salaries currently paid by companies in a defined community is the chief criterion used in arriving at rates of pay for production, clerical and low-level supervisory positions. Employer and trade associations are organized to assemble wage and salary information. In a majority of cases, these associations are made up of small to medium-size companies which can thus take advantage of the economies in the joint preparation of needed information.

Other surveys are conducted periodically by government agencies, labor organizations and locally organized groups of wage and salary administrators. In general, participating companies use the survey results as guides for comparing their wage and salary levels, as well as specific job rates, with community patterns. Some principal uses served by organized surveys are:

1. Appraisal of going rates prior to adoption of a formal job evaluation plan
2. Revision of old or adoption of new policies, practices and objectives
3. Revision of over-all company wage structure or the wage structure for some specific group of jobs
4. Adjustment of rates for specific jobs
5. Revision or adoption of minimum starting rates
6. Checking validity of job evaluation ratings of jobs for which established rates deviate substantially from survey data
7. Preparation for collective bargaining
8. Preparation for arbitration cases

Conventional wage and salary surveys contain information about rate structures, actual rates paid, hiring rates, recent general adjustments, cost of living and productivity adjustments, progression practices and fringe benefits. Job titles and abbreviated descriptions are used for identification.

While some organized surveys are judged to be excellent, the value of others is doubtful. The consensus among company wage and salary administrators is that there is much room for improving both on the quality of the data and techniques for their collection and processing. A bill of particulars on the shortcomings of some surveys is set out in the comments from one wage and salary administrator:

> "Our grievance has to do with conventional wage and salary surveys. We are called upon to participate in scores of such surveys each year. And, as a matter of courtesy, we do it. In the aggregate, we spend literally hundreds of expensive man-hours answering these surveys. That would be fine if the survey reports were of any value to us. But in ninety-nine cases out of one hundred we glance at the report and pitch it in a dead file. One we received only yesterday went directly into the waste basket.
>
> "Surveys conducted on the basis of job titles and thumbnail descriptions are of some value when confined to skilled tradesmen's jobs as originally intended. However, even these rates are negotiated and widely publicized. Hence, surveys in this area are no longer necessary.
>
> "Surveys in the area of clerical jobs are of dubious value. To illustrate: (a) We have an accounts receivable clerk. We have not been able to find another job in the community that is remotely related to it. Thus, when we compare it with the title and thumbnail description in survey forms, we may be comparing apples and pears. (b) We are asked what we are paying a secretary. We have four grades with as many different salary ranges. How can we answer the question intelligently so that participating companies are not misled when making comparisons?

"Surveys of the conventional kind are utterly worthless in the areas of top and middle management. . . ."

The last-mentioned reservations concerning high-level salary surveys are echoed by many companies. But despite such criticism, a few business research institutions and trade associations conduct organized surveys of high-level positions. In two or three cases, these surveys are maintained on a continuous basis and are available to subscribers. Also, management consulting firms, in a few instances, conduct organized surveys for clients.

These organized surveys of executive compensation are sometimes based on proxy statements alone.[1] But in this case they have a particular limitation. Publicly held companies are required by the Securities and Exchange Commission to make known in proxy statements a top officer's total annual income *only* when it comes to $30,000 or more. The wide gap between the very top executive and low-level supervisory positions is obvious. And this uncharted area is one of the main reasons for the individual bargaining and guesswork in salary administration that goes on for middle management and high-level professional positions.

THE PROBLEMS INVOLVED

Compensation technicians work diligently on methods and techniques in the hope of improving the usefulness and reliability of the survey data. However, the problems and difficulties are great. And for this reason, the never-ending search for a *model plan* of survey making goes on. Since no satisfactory model meeting the needs of all companies in all industries has yet been developed, surveys are generally used with a degree of caution.

One business research organization firmly advises its subscribers to recognize published compensation data as being what *companies are now doing* and not necessarily what *they should be doing*. In conducting surveys, it is the general practice to report *averages* rather than *standards* of compensation paid. Important factors influencing compensation paid for high-level positions, but having little effect on rate structures for low-level positions, are:

1. Capital investment
2. Annual sales volume
3. Individual differences among incumbents which often dictate position duties and responsibilities
4. Fixed ratios of total compensation between positions related to organization structure
5. Whether industry is government regulated
6. Corporate organization structure and how it functions

Industry or Area Surveys

Surveys are of two general types: area oriented and industry oriented. Area-oriented surveys are designed around a group of selected companies operating within a fixed geographical location. Cooperating companies may be engaged in similar, related or different industries. Competition for manpower in a defined labor market is the common denominator of area-oriented surveys. This type of survey is used more often for production, clerical and low-level supervisory positions.

Industry-oriented surveys, on the other hand, are geared to the needs of selected companies engaged in similar or related industries, or active in the distribution of a "common group" of products or services. For example, several companies, each manufacturing different consumer products—cigarettes, processed meats, patent drugs, cereals, cleansing products and beverages—may join in an industry survey. The methods employed in promoting and distributing this group of products through retail outlets are basic to the make-up of cooperating companies. Also, surveys for a group of banking institutions or life insurance companies are of the industry-oriented type. Cooperating companies can be located or conduct business either in all parts of the nation or in a fixed geographical location. While a soft-drink manufacturer may have to participate in a nationwide industry survey to get the information he needs, a banking firm can satisfy its requirements with survey data assembled for the banking industry in a given metropolitan area.

It is this industry-oriented type of survey that is preferred for high-level positions. One important advantage claimed is that position titles and their respective responsibilities, when related to company organization structures, are more homogeneous and readily identified. The position of advertising manager in a group of companies with common product and common market interests illustrates the point. Some authorities report no serious problems are encountered when they are comparing responsibilities of advertising managers in companies manufacturing and distributing consumer goods, such as baked products, household paper supplies, waxes and polishes, dairy products and soaps. However, an advertising manager for men's wear bears little, if any, resemblance to a similarly titled position in the heavy construction equipment industry.

Questionnaires

Three methods of conducting compensation surveys are practiced—questionnaire, personal visit, and conference or round-table discussion. The one most frequently used is the questionnaire method. A printed questionnaire is compiled and mailed to cooperating companies. When completed, it is returned to the company or agency conducting the survey. A second method is personal visits with company representatives, at which time a work sheet is prepared. Participating companies receive a list of job titles and abbreviated descriptions for review in advance of personal visits.

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[1] The Conference Board assembles data and publishes a report on executive compensation every two years. The current report "Compensation of Top Executives," *Studies in Labor Statistics*, No. 17, 1956, covers more than 900 companies in twenty-eight manufacturing and nonmanufacturing industrial classifications. In previous years, this biannual report was based primarily on facts gleaned from proxy statements. But this year, major reliance was shifted to data received directly from 634 companies. Information for the remaining companies was obtained from proxy statements on file with the New York Stock Exchange and the American Stock Exchange.

Some surveys are conducted using both methods in combination. In this case, participants are requested to hold completed questionnaires until a representative calls to pick them up. This representative then checks the data and confers with the participant on any points needing clarification. Subsequently, the data are summarized and published in a form best suited to the requirements of the company making the survey. In the case of surveys made by trade associations and business research organizations the data are summarized in a form judged to be most useful to a majority of the ultimate users.

While both questionnaire and interview methods have merit, they also have weaknesses. Some of these are:

1. Procedures are slow and tedious. Often the lapse of time—between assembling the raw data and publishing the summary—dates the results and renders them useless to participating companies.

2. Because of their brevity, generalized statements in job descriptions may be misleading. The extremely wide range of published rates for top and middle management positions is traced to this cause.

3. With few exceptions, participating companies have little influence on the format and content of published summaries. As a result participants complain these summaries are inadequate for their requirements.

4. Questionnaires, at their best, are criticized as a weak medium of communication because they are easily misunderstood. And they provide no guarantee that the requested information will be forthcoming. Surveying companies report participants often "overlook" specific questions by design.

Conferences on Salaries

Conducting surveys by conference or round-table discussion is a third method used by organized groups having common interests. Advocates of this method say it overcomes the pitfalls of the other two. One group of companies has organized a council which, by conference and round-table discussions, has been the means of exchanging compensation data and information on practices for all position levels for several years. This council is made up of twenty-seven companies with more than two million employees. Major industries represented include automobile, chemical, construction equipment, electrical, food, glass, insurance, optical instrument, petroleum, pharmaceutical, primary metal, retail trade and rubber. Members meet regularly twice annually for two-day periods and hold special sessions between regular meetings.

The council's round-table discussions are guided by chairmen selected prior to meeting dates. Members receive the agenda in advance so they can prepare themselves to participate in the survey. Included with the agenda are lists of jobs and job descriptions, as well as other pertinent information. Each member is given the opportunity to discuss the jobs under review and what his company is doing currently or plans to do in the immediate future. If a member has interest in other positions not on the original list, the matter is called to the attention of the chairman before or during the meeting. In such cases, the member is expected to prepare the needed information in sufficient copies for distribution to all members of the group. This arrangement enables members to compare the position under discussion with corresponding positions in their own organizations; it also helps to speed up the process of covering items not on the original agenda.

The council's round-table surveys permit the quick exchange of data; this way the information is immediately available to members. It also affords members an opportunity to question "unusual data." For instance, the council met during the summer of 1956 to confer on salary rates for professional engineers and starting rates for college graduates. One member reported his company's starting rates but stated that recruiters could add an "extra," labeled "personality rate." After questioning by other members, it was agreed that for purposes of the survey the "personality rate" was a part of the starting rate, and should be included as such.

Companies in metropolitan areas have organized themselves to conduct surveys by the conference or round-table discussion method. Companies competing in smaller labor markets have also used the method to advantage. And the method is applicable whether the surveys are area oriented or industry oriented. Advantages claimed for round-table surveys are:

1. Data are assembled rapidly, are current and can be put to immediate use.

2. Personal contacts are established, permitting subsequent checking and discussions by personal visit, letter or telephone without fear of violating each other's confidence.

3. Individual company problems are analyzed, and the composite opinion of member companies often means a superior solution can be arrived at.

4. Joint discussion and exploration of new and improved techniques are possible.

PREPARING THE SURVEY

Despite differences of opinion concerning the merits of surveys in general, and methods and techniques in particular, thorny problems are being lessened by careful thought and planning for all participants' needs.

Scope of the "Community"

One of the first considerations is: What is the "community" for the purposes of this particular survey? This question is not always easily resolved for high-level positions. For rank-and-file positions, as previously indicated, the community is generally the geographical area from which companies recruit employees. Surveys for low-level positions, for the most part, can be local insofar as the community concept is concerned—because recruitment is local. On the other hand, middle management, professional, executive, and even sales positions have a considerably larger community because recruitment nowadays covers a far greater geographical area. During the past decade, employees seeking high-level positions have traveled far to find new employment.

A second factor affecting the community is the selection of participating companies. As stated previously, the criteria are common product and common market interests. Another determinant is the selection of the positions to be included in the survey. Thus, if there is interest in assembling data on engineers, scientists and other professionals, it may be necessary to forego product and market interests. A community may include companies selected on an *ad hoc* basis—such as the recognized pacemakers of salary levels for certain positions. The total number of companies is influenced by the total number of positions being surveyed and the desired number of exposures for each position.

Selection of Bench-Mark Positions

Ideally, bench-mark or key positions selected for coverage are those that have an important effect on the salary structure and the organization structure. Characteristically, bench-mark positions are selected with the knowledge that companies are willing to exchange a superabundance of information on such positions. The feeling runs strong that such excess data are needed to get a high level of reliability in the determination of salaries for non-key positions. According to the criteria usually set up, a bench-mark position should be:

1. Representative of the complete range of positions so that, later, non-key positions can be fitted into the pattern.
2. Readily identifiable by all participating companies as to major functions and responsibilities.
3. Part of the organization structure of a majority of participating companies to insure the required exposures and to get statistically reliable data.
4. Disassociated from unreasonable shortage or surplus of qualified manpower in the community. (However, positions affected by a surplus or shortage are the very ones for which information is frequently wanted.)
5. Stable in content so that the same positions can be used year after year.
6. Used as points of reference in collective bargaining. (This criterion is limited to cases when engineering, sales or other positions are subject to collective bargaining.)

Number of Exposures

Whatever the number of companies that is decided upon to make up the community, it is desirable to get as many exposures of bench-mark positions as possible. But the objective of finding similar positions in half or more of the participating companies is not always achieved. One obvious way to increase the number of exposures is to invite more companies to participate. But expanded participation is often avoided to prevent unwieldiness in handling the data.

Other methods are preferred. One is to make comparisons whereby related positions in each participating company are *evaluated* or *rated* in terms of the surveying company's position evaluation plan. Differences in ratings between the position in the surveying company and related positions in participating companies are noted; and adjustments are made accordingly in the published summary. This procedure is considered to be most successful in the personal visit method survey. A second company representative, usually a job analyst, goes along for the interview. In this way, the judgment of two men is brought to bear on evaluating positions in the participating companies.

A second way, similar in some respects to the first, is to obtain a list of the bench-mark positions and detailed descriptions from each of the participating companies. The positions are *rated* with the surveying company's evaluation plan. Position-evaluated ratings are then correlated with respective compensation data also furnished by participating companies. Next, a line of regression is drawn for each participating company. These curves, when compared with the salary curve of the surveying company, reveal at a glance what any one of several companies would be paying for bench-mark positions if they had such positions, and vice versa. It is conceivable with this system to increase to an optimum the number of exposures of all positions in the survey.

Reporting Compensation

There are two points of view as to what rates should be reported in a survey. One calls for the established rate range regardless of rates actually paid. (Of course, in some cases only single rates are used.) The second calls for the average of *actual* rates being paid incumbents. The latter is used most frequently for several reasons:

1. Established minimums of ranges do not always indicate actual starting rates. Companies concede that minimums for several positions are only theoretical starting rates. This being the case, there is some question about the "real midpoint" of such rate ranges. For example, $10,000 as the midpoint of the range of $8,000-$12,000 has little

(Continued on page 444)

Life Insurance for Retired Employees

Group term insurance, with reduced benefits, is the method most often used to provide protection for retired employees, according to this survey

UNTIL RECENT YEARS, most employers were concerned primarily with one problem when dealing with the retired employee. That problem was a pension—continued regular income for the employee when he left the company at an advanced age.

But now employers are looking at other needs of employees who are about to retire. Many companies have initiated programs of preparation for retirement to make the older worker aware of the problems he will face. Other companies have established clubs or other organized recreational activities for postretirement leisure. And a growing number have taken steps to help the retired employee pay his medical bills.[1]

However, by far the most common nonpension benefit being granted the retired employee today is the continuation of his group life insurance. For example, 55% (102) of 187 industrial companies whose group benefits are being studied by THE CONFERENCE BOARD extend insured death benefits, in one form or another, to their retired employees.[2] And practically the same number (ninety-nine) were already following this practice in 1949.

The 102 companies that currently continue group life insurance for their retired employees are not concentrated in any particular manufacturing industry, but they do tend to be the larger companies as the following tabulation indicates:

- 33%, or eighteen, of the fifty-five companies with less than 1,000 employees provide life insurance for their retired workers.
- 51%, or twenty-two, of the forty-three companies with 1,000 to 3,000 employees have such a plan.
- 69%, or thirty-six, of the fifty-two companies with 3,000 to 10,000 employees have a plan.
- 72%, or twenty-six, of the thirty-six companies with 10,000 or more employees extend life insurance benefits to their retired workers.

Although care must be used in generalizing from these data, the following analysis of the plans of these 102 companies probably provides an adequate picture of the practices in an important segment of American industry during the first quarter of 1956.

GROUP TERM INSURANCE

Ninety-four of the 102 companies provide life insurance protection for their retired employees by allowing them to remain in the group term insurance plan after retirement. Term insurance, of course, remains in force only while the premium is being paid. It is pure insurance protection and has no paid-up insurance or cash value.

Because hourly and salaried employees are treated separately in some companies, there are 117 different plans available for analysis from these ninety-four companies—with fifty-eight plans applying to all employees in the company, thirty restricted to salaried employees, and twenty-nine covering only hourly employees.[1] Also available for purposes of comparison are ninety plans which were in operation in 1949 in these companies.[2]

Size of Benefits

How much life insurance protection would a retired employee expect to receive under one of the 117 current term insurance plans analyzed? And how does this benefit compare with what he would have received under one of the ninety plans in these same companies in 1949?

To answer these questions, the plans have been split into two groups: those that consider the employee's salary in computing benefits, and those that do not. If a plan uses length of service as a factor in determining benefits, the benefit available to the longest-service employee is used; similarly, in the few plans where men and women receive different amounts, the benefits available to men are used.

As Table 1 shows, there has been little change in

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[1] See "Medical Insurance for Retired Employees," *Management Record,* November, 1956, p. 386.

[2] Except for ten public utilities, all 187 companies are manufacturers. Eighty-six per cent are unionized and 80% have headquarters east of Chicago and north of the Mason-Dixon line. Eighteen per cent employ less than 500 people, and 10% more than 20,000. Nearly one-quarter employ 1,000 to 3,000 workers.

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[1] Of the ninety-four companies in this study that use term insurance for their retired employees, eighty-one offer the protection to all hourly and salaried retired employees. However, six of the ninety-four companies have plans for hourly workers only, and seven limit benefits to salaried employees. Of the eighty-one companies with protection for everyone, twenty-three have separate arrangements for hourly and salaried employees; the other fifty-eight companies cover all employees under a single plan.

[2] As already indicated, ninety-nine of the 187 companies studied in 1956 had life insurance for retired employees in 1949. However, data on twelve of the plans in these ninety-nine companies were not adequate for analysis.

the amount of insurance provided by those companies that give a flat-sum benefit independent of preretirement salary level. In both 1949 and 1956, roughly half of these flat-sum plans provide $1,000 worth of life insurance. But it should be noted that only 14% of the current plans provide less than $1,000 as compared with one-quarter of the 1949 plans.

Similarly, there has been little change in the amount of life insurance under salary-graduated plans. As shown in Table 2, the median benefit for 1949 and 1956 is practically identical for the representative salary levels used in the computation.

In evaluating the similarity of benefits in 1949 and 1956, two points should be noted. First, even though 85% of the current plans *reduce* benefits at retirement, they still provide the same *level* of benefits as did the 1949 plans, when only 60% reduced benefits.

More important, 82% of the plans in 1956 provide benefits without cost to the retired worker, while in 1949 only 64% of the plans were noncontributory.

Table 1: Flat-Sum Benefits for Retired Employees—1956 and 1949

Amount of Insurance	Number of Plans 1956	Number of Plans 1949
$ 500	7	10
600	1	—
750	—	2
1,000	28	24
1,250	8	—
1,500	2	1
2,000	7	9
2,250	1	—
2,750	1	—
3,000	2	1
3,500	1	1
Total plans	58	48

Table 2: Salary-Graduated Benefits for Retired Employees

Amount of Insurance Provided	Number of Plans Paying Specified Benefit to Employees Earning: $3,000 per year	$4,000 per year	$6,000 per year	$10,000 per year
$ 1,000 to $ 2,000	18	7	4	—
2,000 to 3,000	18[a]	23[b]	9	8
3,000 to 4,000	11	7	12	4
4,000 to 5,000	2	8	3	—
5,000 to 6,000	—	3	7	9
6,000 to 7,000	2	1	7	4
7,000 to 8,000	2	1	2	3
8,000 to 9,000	—	2	—	1
9,000 to 10,000	—	1	2	1
10,000 to 11,000	—	—	—	8
11,000 to 12,000	—	—	1	2
12,000 to 13,000	—	—	3	1
13,000 and over	—	—	—	5[c]
Total plans	53	53	50[d]	46[e]
1956 median benefit	$2,000	$2,500	$3,600	$6,000
1949 median benefit[1]	$2,000	$2,500	$3,700	$5,000

[1] Based on thirty-nine plans.

[a] Thirteen plans pay exactly $2,000.

[b] Twelve plans pay exactly $2,500.

[c] Two plans pay $15,000 and one each, $17,000, $18,000, and $19,000.

[d] Excludes three plans which do not provide benefits at this salary level.

[e] Excludes seven plans which do not provide benefits at this salary level.

Who Pays for Benefits?

As indicated above, if an employee is eligible for group life insurance after retirement, he generally gets this protection at no cost to himself. Only 18%, twenty-one, of the current plans call for employee contributions after retirement. In contrast 36% of the 1949 plans required employee contributions. However, in both years, whether the employee contributes depends to a large extent on whether benefits are reduced at retirement. In 1956, only 11%, and in 1949 only 19%, of the plans that reduce benefits at retirement require employee contributions. But 56% of the 1956 plans and 59% of the 1949 plans that do not cut benefits at retirement require contributions.

Eligibility Requirements

In half (fifty-nine) of the 117 current plans, any employee who retires is eligible for continued life insurance. Another 10%, twelve, of the plans state that only employees who retire with company consent are eligible. The other 40%, forty-six, of the plans are restricted specifically to employees who are eligible for a company pension.

About one-quarter, thirty, of the plans have a specific service requirement. In fourteen plans this requirement is fifteen years; in twelve, it is ten years; while only one plan requires five years. In contrast, two plans require twenty-five years and one requires thirty-five years of service. Also, ten of these plans with a service requirement are among the forty-six that are restricted to pensioners. Actually, the other thirty-six plans that are restricted to pensioners, in effect, have a service requirement too because of the service needed for pension eligibility.

Type of Benefits

Life insurance benefits after retirement fall into one of three general types. The most common arrangement, both in 1949 and 1956, is to give all retired employees covered by the plan an identical amount of life insurance, ignoring differences in salary and length of service at retirement age. In 1956, 43% of the plans do this; and in 1949, 46% of the plans were of this type.

Almost as common are plans in which the amount of life insurance after retirement is based solely on the employee's salary just prior to retirement. In these plans, postretirement protection is some fixed percentage (sometimes 100%) of the insurance in force prior to retirement, which, in turn, depends on the salary level of the worker. This arrangement is found in 38% of the current plans and 40% of the 1949 plans.

The third type of benefit, found in 17% of the current plans and 13% of the older plans, places its stress on length of service. In some of these plans, service is the only factor considered—that is, everyone with the same length of employment receives the same benefit, regardless of previous salary level. But in other plans, both service and salary level are considered.

HOW BENEFITS ARE REDUCED UNDER TERM INSURANCE

The most obvious characteristic of current group life insurance plans for retired employees is that they provide smaller benefits than those in effect prior to retirement. Only eighteen of the current plans studied allow a retiring employee to continue the full amount of his life insurance.[1] This is a marked change from 1949, when 40% of the plans provided the same amount of life insurance after retirement as before.

This section examines in some detail the way in which benefits are reduced at retirement among the ninety-nine current plans that follow this practice.

The basic reason for reducing benefits after retirement is, of course, that the premium for a person over sixty-five is a good deal higher than for younger employees. For example, the basic premium rate for a person aged sixty-five is somewhat more than six times what it is for a forty-year-old employee. And the premium for a seventy-year-old man is nearly ten times higher than for the forty-year-old. Therefore if a company adds retired employees to the covered group, costs will rise over the years. Most companies try to keep this rising cost within bounds by reducing the protection afforded the retired employee.

And, in addition to this cost consideration, many companies point out that the retired employee usually doesn't have the need for as much insurance as he did at a younger age. His children are likely to be self-supporting, and a dependent wife may be eligible for Social Security benefits.

Timing of Reductions

Under most of the plans, benefits are not reduced until an employee actually retires or, as in three plans in this study, one year after retirement. However, fifteen of the ninety-nine current plans that reduce benefits begin to lower them at a specified age or at retirement, whichever comes first. In thirteen plans the age is sixty-five; in one, sixty-six; and in another, sixty-eight.

In another nine plans, only age is specified as determining when the benefits are cut (sixty-five in all but two plans). Presumably if an employee retires earlier, his benefits are not cut until he reaches that age.

Eighty-three of the plans make the full reduction at one time. But sixteen plans reduce benefits gradually over a number of years. Half of these sixteen reduce coverage 20% upon retirement and then 20% each year thereafter until the minimum benefit is reached. The other eight reduce benefits 10% each year until the minimum is reached.

Type of Benefit Before and After Reduction

As already indicated, life insurance benefits fall into two general classes: those that use salary level to determine the benefit and those that do not. In the case of retired employees, length of service may also be a factor in determining benefits, either alone or in conjunction with salary level. Whether salary and service are considered in computing benefits after retirement depends to a large extent on whether salary is a factor prior to retirement, as illustrated below.[1]

- All of the twenty-six plans which ignore salary in computing preretirement benefits continue to use flat-sum benefits after retirement, although three add a length of service requirement.
- Only 70% (fifty) of the seventy plans that determine preretirement benefits according to salary level use the same approach in computing benefits for retired employees. And seventeen of these plans add length of service as a factor.
- About 30% (twenty) of the plans with salary-graduated benefits prior to retirement ignore salary at retirement and provide all employees with an identical amount of life insurance. These tend to be the smaller companies among those with graduated benefits for active employees.

Reduced Flat-Sum Benefits

As already indicated forty-three plans that reduce benefits at retirement grant a uniform amount of protection to all retired employees covered by the plan. The most common benefit is $1,000, as shown below:

Life Insurance	*Plans*	*Life Insurance*	*Plans*
$ 500	7	$2,000	2
600	1	2,250	1
1,000	23	2,750	1
1,250	6	No data	1
1,500	1	Total plans	43

Twenty-three of these plans also provide a flat-sum benefit to employees before retirement. The most common procedure—nine plans—is to cut the preretirement benefit in half; six plans reduce it to about one-third. Four other plans provide one-fourth; two, one-fifth; and one plan, two-thirds of the preretirement insurance.

The other twenty plans base active employees' insurance solely upon their salaries, and then at retirement cut everyone's coverage to the same flat sum. For example, under one plan an employee earning less

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[1] The eighteen current plans that do not cut protection upon retirement are not concentrated in companies of any particular size. However, only 7% of the plans restricted to hourly employees continue life insurance unchanged, compared to 13% of those restricted to salaried employees and 20% of those covering all employees.

Eleven of the eighteen plans determine the amount of life insurance according to the employee's salary prior to retirement. The other seven plans give everyone the same flat benefit.

[1] Data from three plans are not available.

Table 3: Reduced Benefits for Retired Employees, Based on Service Only

Preretirement insurance based on salary only	5 plans
• $1,250 for 25 or more years of service; $1,000 for less than 25 years (2 plans)	
• $2,000 for 20 or more years of service; $1,500 for 10 to 20 years and $1,000 for less than 10 years	
• $1,000 for 15 or more years of service; $ 500 for 10 to 15 years	
• $1,000 for 30 or more years of service; $ 750 for 20 to 30 years and $ 500 for 10 to 20 years	
Preretirement benefit a flat $3,000 for all employees	3 plans
• $2,000 for 10 or more years of service; $ 800 for less than 10 years	
• $1,500 for 15 or more years of service; $ 750 for less than 15 years	
• $1,000 for 25 or more years of service; $ 750 for 20 to 25 years and $ 500 for 15 to 19 years	

than $3,000 per year has $3,000 of insurance, and an employee earning $7,500 per year has $10,000 worth of protection. Then upon retirement, both employees are covered for only $500.[1] As can be seen in this example, even the lowest-paid employee's coverage is cut to comply with the reduced flat-sum benefit level. But in four plans, employees in the lowest salary classification have the same amount of protection before and after retirement.

Reduced on Basis of Salary

Another thirty-three plans in this study base the amount of continued life insurance solely on the salary level of the employee prior to retirement.

The most common practice is to cut preretirement insurance in half. Of the twenty-three plans that do this, nine also stipulate a minimum dollar amount. In six plans this minimum is $1,000; and in one plan each, $500, $1,500 and $2,500.

Another six of the thirty-three plans reduce the insurance in force to the percentages that are shown below:

- 75%; minimum $1,000
- 70%; minimum $1,500
- 67%; no minimum
- 60%; minimum, annual salary
- 25%; minimum $1,250
- 20%; minimum $1,000

Three plans provide a flat amount to all employees in addition to protection based on salary:

- $2,000 plus 40% of previous contributory insurance
- $1,500 plus 25% of previous contributory insurance
- $1,000 plus 20% of previous contributory insurance

And one plan bases the insurance coverage for a retired employee on his pension benefits. The company computes the postretirement insurance in the same way it computes the preretirement insurance—on the employee's salary.

Reduced on Basis of Service

Twenty of the plans that reduce benefits at retirement base the amount primarily on the employee's length of service. Eight of these plans use service as the *only* factor in computing the benefit; these plans are shown in Table 3. One plan bases benefits on the number of years the employee has participated in the group insurance plan prior to retirement. The benefits range from $1,000 for three years in the plan to $2,000 for eight or more years. Insurance prior to retirement is based on salary.

The other eleven plans take into consideration not only length of service but also salary level at the time of retirement. That is, an employee's salary determines how much insurance he has in force just prior to retirement, but his length of service determines what part of that insurance will be continued after retirement.

Nine of these plans are outlined below.[1]

- One plan states that for each year of service, 2.5% of the insurance in force at retirement will be continued, up to a maximum of one-half the preretirement coverage.
- In one plan, the benefit is 1% for each year of service plus $500; the minimum is $1,250 or 25% of the insurance in force just prior to retirement, whichever is larger.
- Under three plans, there is:

  (Plan a) No reduction in benefits for twenty-five years' service; three-fourths of preretirement insurance continued for twenty to twenty-five years' service; one-half for fifteen to twenty years; and one-fourth for ten to fifteen years.

  (Plan b) No reduction in benefits for thirty years' service; three-fourths of insurance continued for twenty-two to thirty years (minimum of $2,000); and one-half continued for fifteen to twenty-two years (minimum of $1,000).

  (Plan c) No reduction in benefits for thirty years' service; three-fourths of insurance continued for twenty to thirty years' service; and one-half for ten to twenty years' service.
- Three similar plans cut insurance at retirement regardless of service:

(Continued on page 450)

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[1] These twenty plans include four which provide active employees with a flat amount of noncontributory insurance, but make extra insurance, based on salary, available on a contributory basis. These four plans drop the contributory part of the plan upon retirement and provide retired employees with one-half of the original noncontributory flat-sum benefit.

[1] The other two plans have schedules based on service and salary level which are too complicated to describe here.

Foremen During a Strike

The foreman's key role in the strike situation is examined, and examples of specific instructions issued to him by management are given

IN A STRIKE situation, a firm's duty to its stockholders—and to the very people who are striking—is to make sure that it stays in business. Neither does the union want the kind of strike victory that would put the firm out of business or sharply curtail its future operations.

To help avoid such catastrophes, many companies and unions together take steps before and during a strike to make sure that the plant will reopen after the strike ends.[1] As part of this planning, forty-eight of ninety-three companies that have experienced a strike during the past five years prepare detailed instructions for their supervisors as to what they should have their employees do in the event of a possible strike at contract expiration or wage reopening (see Table 1). The role of the supervisor in a wildcat strike, which will be considered later in this article, is often quite different from his role in an authorized strike.

Where strike manuals exist, instructions for supervisors are given here. In some other cases, they are indicated in the firm's standard practice and procedure manual. But the firms are few and far between that have strike instructions in either type of manual. In most cases, the instructions are written and issued to supervisors during the last minute scurrying immediately prior to a strike.

WHAT IS COVERED

For the most part, the strike instructions deal with the type of work employees must do prior to the strike deadline in order to insure an orderly shutdown and to protect valuable machinery and equipment. In some industries, this work can be done on the last day. In others, shutdown operations may have to start considerably earlier. Several days prior to the recent steel strike deadline, for example, the steel companies had their supervisors carry out a detailed shutdown program for cooling off the furnaces.

In another case, a New Jersey firm sent a detailed check list to all its foremen and department heads telling them what they should do "before leaving on the last day of work." The company made each foreman and department head "responsible for the proper protection of material and equipment in his respective area." The comprehensive directive these men received is shown in Example A.

At times, the firm being struck gives written strike shutdown instructions directly to employees who are going out on strike rather than to the supervisors. A paper company, for example, placed its strike shutdown instructions on a special bulletin board, and also sent the same instructions in a letter to the workers' homes. The foremen then supervised the shutdown according to the written directions issued to all employees.

Instructions Vary

The specific shutdown instructions that foremen give the men under them vary from industry to in-

Table 1: Number of Companies that Had Foremen Issue Special Instructions to Employees Prior to a Strike

By Size of Company

	Total Companies	Number of Employees 1-249	250-999	1,000-4,999	Over 5,000
Issued instructions	48	2	8	15	23
Did not issue instructions	38	3	4	14	17
No answer	7	0	1	0	6
Total	93	5	13	29	46

Table 2: Kind of Work Ninety-Three Companies[1] Had Their First-Line Supervisors Do During a Strike

Kind of Work	Number of Companies	Kind of Work	Number of Companies
Maintenance	34	Shipping and receiving	4
Protection of plant and equipment	21	Cleanup	4
Work previously done by strikers	19	Inspection	3
Training classes	14	Fire prevention	3
Any necessary work	11	Conferences	3
Planning	7	Work necessary to close down plant	3
Clerical work and record keeping	7	Emergency production	3
Same work as before strike	6	Run cafeteria	2
Inventory	6	Run boiler room	2
		Housekeeping	2
		Rearrange plant	2

[1] Adds up to more than ninety-three as many of the companies had their first-line supervisors do more than one job.

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[1] See "Marquis of Queensbury Rules for Strikes," *Management Record*, March, 1956, p. 85.

dustry. In the textile industry, for example, foremen make sure that the last few hours before the strike are used "in running out the work." In food processing, foremen make sure that production lines are cleared and that items that might spoil are placed under refrigeration. In some cases this is absolutely imperative. For instance, a Canadian fish processing company instructs its foremen to make certain in the event of a strike that "no perishable fish are left to deteriorate." Where expensive and delicate machines are subject to rust, the foremen order workers to coat them with no-rust compounds—which is sometimes a dirty, messy but necessary job.

Example A: Instructions to Supervisors in Authorized Strike Situation

TO ALL FOREMEN AND DEPARTMENT HEADS
PLEASE DO NOT POST

The following is a check list to be used as a guide by departmental supervision in preparation for the shutdown. *Check all items on duplicate list and deliver to superior before leaving on last day of work.*

1. Shut off all power on individual machines, equipment and benches. Pull out connection plugs. Open departmental main switches if possible.
2. Shut off all gas and air supply at individual stations.
3. Shut off "flood control" valves at drains in all water fountains, sinks and like equipment.
4. Wipe a thin coat of Nox-Rust on all machined or polished surfaces of all machines and equipment. Do not use to excess—a little goes a long way. Do not rust-proof electrical equipment unless specifically instructed.
5. When possible spray rustable parts in process with Nox-Rust (particularly in the manufacturing departments and inspection).
6. Close valves on all cylinders of gas or liquids at manifolds.
7. See Mr. X of the laboratory apparatus division in regard to shutting down of refrigerators, calorimeters, controlled temperature baths, or other continuously running equipment. Make arrangements for turning on this equipment at the end of the closedown.
8. Protect all parts, subassemblies, instruments and other apparatus and equipment from dust by covering with trays, cloth or paper, whichever is most practical.
9. Move all combustible liquids, including those in safety cans, to the oil house. Identify by department number to insure return.
10. Charge time to account No. ....
11. In case of doubt, direct all questions as soon as possible to the plant engineer.

EACH SUPERVISOR AND FOREMAN WILL EXERCISE HIS BEST JUDGMENT AND IS RESPONSIBLE FOR THE PROPER PROTECTION OF MATERIAL AND EQUIPMENT IN HIS RESPECTIVE AREAS.

GENERAL SUPERINTENDENT

Example B: Instructions to Supervisors on Preventing Wildcat Strikes

Causes of Illegal Work Stoppages

A review of our records of past work stoppages indicates that the specific causes can generally be classified into the following groupings: earnings problems, work-schedule problems, individual job assignment problems, problems concerning working conditions, disciplinary problems and sympathetic action. About one-half of the stoppages occur over problems relating to earnings. The patterns underlying these stoppages, however, suggest that they can be attributed to three fundamental causes:

1. Shock reaction of employees resulting from changed situations or from personality conflicts.
2. Accumulation of adverse employee reactions to a series of events.
3. Deliberate plans of union officials.

Preventive Actions

Logical actions to prevent work stoppages are suggested by the above causes. These are:

1. The exercising of care in handling our normal on-the-job employee relations—keeping employees informed, explaining, giving instructions in the proper manner, etc.
2. The exercising of care in watching and appraising our day-to-day employee relations—sensing employee dissatisfaction as it develops and doing something about it.
3. Making a real effort to improve our relationships with union officers and committees.

Further, and in the long run, our success in preventing work stoppages will depend to a large extent on our ability to sell our employees the fact that it is in their best interests to handle their problems through the established grievance procedure rather than through the costly work-stoppage method. If we are to make this sale, we must: (1) improve our handling of employee grievances, and (2) consistently and severely penalize those employees who encourage or engage in work stoppages.

In those cases where the company plans to continue operations during the strike, first-line supervisors keep operations going to the very last minute. They then arrange for an orderly transfer of work, on a skeleton-force basis, to the supervisory staff. In some industries, such as abrasives, there is no way of completely shutting down, as the roofs of furnaces would collapse if they ever cooled. In these industries, the supervisory staff is responsible for keeping the furnaces going.

Example C: Instructions to Supervisors Regarding Wildcat Strikes

If, despite all efforts, a work stoppage does occur, supervision must handle it properly. Although each stoppage and walkout arises from a different set of circumstances, there is one basic procedure for handling all such situations.

What To Do at the Time of a Work Stoppage

1. Corroborating statements—One of the most important aspects of handling a walkout concerns reports by supervision after the walkout. Arbitration cases show that remarks made in private conversation, without a witness, carry less weight because of the matter of proof. When at all possible, have another supervisor with you when talking to union representatives and employees so that your report will be corroborated by his.
2. Watch the time clock and cloak racks. These are the places where the employees will often first gather after a work stoppage, and it is at these places that you will have the best chance of averting a walkout and getting employees back on the job.
3. Ask the employee where he is going.
4. If the employee has no reasonable excuse for leaving the job, order him to return to his work and follow the grievance procedure. Warn him that he is in violation of the contract and subject to disciplinary procedures. *Don't leave this matter for the union representative to handle.*
5. Remind employees that they will not be paid for time not worked.
6. Question the employees about the reason for the work stoppage.
7. Contact the union representative and remind him of his obligations under the contract.
8. Observe the actions of the shop stewards and committeemen in order to make out a complete report later.

What To Do After Work Stops

After the work has stopped, employees will either gather in groups about the plant or they will walk out.

If they gather in groups:

1. Try to stop loafing and ganging-up, since it may affect workers in other parts of the plant.
2. Continue attempting to get your men to return to work. If they refuse to do so, obtain and write down the names and clock numbers of all employees involved.

If they walk out:

1. Tell them that they are subjecting themselves to disciplinary action up to and including discharge by violating the provisions of the contract.
2. Again order them to return to their work and remind them of their obligations under the contract.
3. Remind union representatives of their contractual obligations.

In any case:

Observe carefully what happens from a factual standpoint. Look for signs of leadership and, if possible, make notes for your report.

1. Who is the first to stop work?
2. Are any employees making or waiting for an obvious signal?
3. Listen for any remarks employees may make to each other . . . such as "Let's eat on the way home." Employees making such remarks are obviously already involved in the walkout and are not going out under protest.

What To Do Following a Walkout

Management can best strengthen its contention that it is abiding by the contract by *having an accurate record of statements and actions.* The closest man to the situation on the management team is the supervisor. Thus he is the best person to make the report. This report should be made *as soon as possible,* and should be complete and accurate. Delay in making a report will result in leaving out incidents which may be vital later. Even though you don't have time to make a "formal" report, note down the following questions and their answers to help you in making the full report later:

1. *What* happened?
2. *When* did it happen?
3. *Where* did it happen?
4. *What* did I hear?
5. *What* did I see?
6. *What* did I say?
7. *Who* showed signs of leadership?
8. *Who* stopped work first or left the department first?
9. *Who* took part?
10. *What* people can I get to support my evidence?

How Important Is Your Report?

Each supervisory report concerning a work stoppage is important. The report you will make may be either the deciding factor or just a contributing factor in the evidence which must be compiled at this time. It could well be that your report will fill an important gap in management's knowledge of the sequence of events and substantiate other reports from supervision.

However insignificant an incident may seem to you at the time, complete reports of all actions are important. The full responsibility for giving the complete series of events in any work stoppage must be shared by ALL supervisors.

WHAT SUPERVISORS DO DURING STRIKES

Once the strike starts, the question is how to use the foremen. In an industry such as a public utility, which always tries to continue in operation, the answer is simple. The foremen work harder than ever. And often the entire executive and supervisory staff pitch in to supply the public with vital services. In many cases, executives and supervisors go back to jobs from which they graduated years before. As part of their strike preparedness programs, several large public utilities have their executives and supervisors train for specific vital jobs before the strike. And in these instances, the foremen sometimes find themselves bossing their bosses.

In contrast to public utilities, manufacturing firms that do not operate during a strike often face the problem of keeping their foremen busy. Company executives frequently claim that foremen's morale rapidly deteriorates if they do nothing but sit around and wait for a lengthy strike to end. Many companies, therefore, plan specific activities to keep their foremen's spirits up and, at the same time, accomplish fruitful results. (See Table 2.)

Training Courses

Special stand-by training classes for foremen during a strike are a planned activity utilized by fourteen companies. The training directors of these companies say that a strike provides them with one of the hardest things to find during the normal workday: free time for the people on the supervisory force to take training courses.

Generally, while one-half the supervisory force takes the training program, the other half carries on maintenance and other work necessitated by the strike. The two supervisory groups rotate strike work and classes, either on an every-other-day or every-other-week basis.

Maintenance Work

The types of work most frequently done by foremen during a strike are maintenance and protection of plant and equipment (see Table 2). However, in a number of cases, firms make arrangements with the union for the necessary maintenance men to continue working—even though they are union members—and when this happens, the foremen's role is mostly supervisory. But where no such arrangement is made, the maintenance and plant protection duties carried on by the foremen may be extremely arduous and allow them little time for other activities.

Foremen as Communication Media

Firms that have gone through a strike experience often find that their foremen are an excellent means of communicating with their striking employees. They discover that first-line supervisors are sometimes the only members of the management team in close daily contact with striking employees. To utilize fully this medium of communication, these firms disseminate information to their foremen either through meetings or detailed memoranda.

A number of firms also believe that their foremen make a good up-the-line communication medium. The first-line supervisors pass along information concerning rumors current among striking employees. When such rumors are false, management can scotch them by giving out the true facts.

PAYING FOREMEN DURING A STRIKE

The great majority of the ninety-three companies pay their foremen during a strike. And in some cases they have paid them for as long as nine months.

Many concerns categorically declare that they would pay foremen "indefinitely" or "for the duration of the strike." A few restrict this commitment by adding one of the following provisos: "as long as possible," "for a reasonable length of time," "as long as we can afford to," or "as long as we can keep them at work."

Several other companies, although they favor payments to first-line supervisors for a long period, add that their company's decision "would be subject to periodic review." These companies make it clear that the point might come when the entire existence of the company would be at stake, and it might be necessary to cease paying their foremen's salaries to keep the firm solvent. An opposite viewpoint is expressed by one eastern company executive who says: "Our company loses its business know-how the day it loses its foremen and supervisors. So our answer is we pay them until we go out of business, for if we lost them we'd go out of business anyway."

May Cause Foremen-Employee Bitterness

However, not all of the companies that paid their foremen during the entire length of a strike feel they did the right thing. An eastern company, for example, found that paying foremen caused bitterness among rank-and-file employees after their return to work.

Most of this company's supervisors had been promoted from the ranks, it explains. And during the strike, some foremen "rubbed it in" that they received pay while their former fellow employees who were on strike did not. Some openly said "they didn't care how long the strike lasted since they were getting full pay." This stirred the ire of striking employees and caused deterioration of foremen-employee relations when they returned to work.

A few years later the same company had another strike. This time the company executives told the foremen that while at first they would receive full pay, the situation would be reviewed in thirty days to determine whether all supervisory and executive sal-

(Continued on page 441)

Companies Study Executive Selection Cooperatively

TWO GROUPS of companies are now at work studying problems of executive selection on a cooperative, scientific basis.

The first group was organized in 1953 by Richardson, Bellows, Henry & Company, a consulting firm of industrial psychologists, and its central project is known as the "Early Identification of Management Personnel." The other group was convened at Princeton last year by the Educational Testing Service, a nonprofit organization which is best known for the school tests it has devised and administered, including the college entrance board examinations. ETS calls its new research the "Executive Study." Twenty-two companies are engaged in these research efforts—eleven in each of the projects.

Several advantages are claimed for the cooperative approach. It is pointed out that problems of executive selection are found in all business organizations, and that by combining the resources of a number of companies in different product fields a broad sampling is obtained, and groupings by functions (such as sales or manufacturing) are possible. Also, economies are achieved by sharing expenses. Then, too, few companies have the technical know-how and the professional workers on their own staffs for research of this type. Finally, by making a concerted attack on the selection problem according to a planned schedule and with responsibilities definitely assigned, there would seem to be a far greater chance for a successful outcome within a reasonable period of time than if each company were to proceed independently according to its own devices and inclinations.

The information resulting from these studies can be of great interest and help to the colleges and business schools across the United States. And, in turn, if the colleges can use this information to effect a better selection of students entering their institutions, it will mean better candidates for the companies to interview at graduation time.

THE EXECUTIVE STUDY

In May, 1955, representatives of twenty-seven companies met at Princeton to discuss the Educational Testing Service's proposed executive study. In the fall, eleven of these companies agreed to participate. The research got under way in the spring of this year. The eleven companies are: American Brake Shoe, American Telephone and Telegraph, Chrysler Corporation, Diamond Match, International Business Machines Corporation, Owens-Illinois Glass, Procter and Gamble, Rexall Drug, Southern California Edison, Standard Oil (Ohio), and Westinghouse Electric Corporation. And several other companies have evidenced serious interest in joining.

The director of the Executive Study has stated that a total of fifteen actively participating companies would represent an optimal research group.

Three months ago, in September, ETS issued its first annual report.[1] It describes the Executive Study as a "long-range research program . . . with primary focus upon the *criteria* of effective [executive] performance." The companies are warned: "It is clear from the complexity of the problems to be tackled that no early 'solutions' can be expected. It is equally clear that the potential 'pay off' in improved management justifies the application of a large amount of time and effort."

ETS has three professional workers devoting full time to the Executive Study. These workers consult other ETS staff specialists as problems develop, and they have access to ETS's extensive library and statistical facilities.

While ETS has set the stage and outlined no fewer than sixteen projects for consideration by the cooperating companies, it hopes to stay in the background as far as the actual research is concerned. It conceive its primary role to be that of adviser and coordinator Three of the eleven ETS companies already have research studies under way, and others are planning to start soon.

Brief descriptions of five of the projects will indicate how the problems of executive selection are being attacked.

Group Coordination Project—An examination of certain characteristics of the "team" or group through whom the executive accomplishes his objectives. Th group characteristics to be studied are (a) job-oriented attitudes and (b) their "coordination"—that is, th extent to which members of the group "know who doe what and when" with respect to group activities Successful development of procedures for appraising groups should provide a new tool for studying execu tive development and for determining the effectiveness of selection procedures.

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[1] Distribution of this report is restricted to the cooperating companies.

Job Dimensions Project—A large number of job elements (including requirements, activities, responsibilities, etc.) are presented in the form of check lists to executives in many different types of jobs and job levels in order to yield evidence of similarities and differences between executive jobs. By statistical analyses, the "job dimensions" in the positions studied are derived. It is hoped that they will then be used for better planning in executive development and in setting up more objective selection procedures.

"In-Basket"—Problems characteristic of particular executive positions are prepared in the form of communications coming to an executive in the normal course of his work—hence the name "in-basket." Each executive's solutions to the problems are rated on the basis of the consensus of skilled performers to give a score or criterion of performance.

Critical Incidents—Wherever possible—such as in visits with member companies and in connection with other research activities—ETS has gathered examples of critical incidents or happenings in executive job performance. These provide the raw material for parts of the major projects mentioned as well as for the later development of actual assessment tests and experimental procedures in the selection of executive personnel.

Study of "New Hires" (primarily recent college graduates)—In the early planning of Executive Study research projects, the decision was made to concentrate mainly upon gaining a better understanding of how to achieve effective performance in executive jobs and on the development of objective and consistent ways of appraising various aspects of performance. But in the course of visits to member companies, ETS found that several were either planning or had already started long-range studies of the careers of newly hired men. A request that the Executive Study staff participate in the planning and setting up of such a research project in one company led to the decision that ETS would cooperate in research of this sort wherever member companies desired it. It was felt that participation in these company studies of newly hired men would provide the Executive Study with an opportunity to get early evidence of the usefulness of techniques developed in the major research program.

THE RBH PROJECT

In launching its project three years ago, Richardson, Bellows, Henry & Company stated that the problem facing companies is that of "selecting and enlarging the reserve of potential candidates for the upper ranks of management." The need to identify a man's growth potential early in his career was emphasized. The problem was to be approached primarily by comparing the backgrounds and measured characteristics of outstanding company executives with those of other men in the same company who had not attained top jobs.

There are three phases of the RBH research. The first is the *normative*. The careers of executives are analyzed to find out: Where do they come from? How much education do they have and what kind? And what are their characteristics? From this material a composite picture of a typical executive emerges, and clues are provided for identifying younger men of promise.

The second phase is the *predictive*. An effort is made to relate these characteristics to the level attained by an executive and to his rate of progress.

The final phase of the research is the *comparative*. It is known that different executive jobs call for different abilities. And just as a good financial man might be a flop in a top sales or manufacturing position, so, too, companies have rather distinct personalities. A given individual might be a natural for Company Y but a misfit in Company Z. For these reasons, RBH has found it important to break the findings down by job and by company. In a practical situation the question *is not*: "Does this candidate have the characteristics usually found in good executives?" But rather: "Does this candidate fit the job for which we are considering him in our company?"

EXPERIENCE OF ONE COMPANY

Both RBH and ETS offer the cooperating companies suggestions on research projects and methods. At the same time, the companies are encouraged to develop and pursue their own ideas as long as they fall within the general pattern that has been established. Within each group of companies there have been wide differences in the vigor with which the research has been undertaken, as well as in the projects themselves.

A description of the methods and techniques used by one company in the RBH group will illustrate the nature and scope of the research. More than 500 executives in this company, including the chairman and the president, were tested and interviewed. Each submitted considerable personal information, some of it going back to boyhood days. The research program required about eight hours of each executive's time.

Three tests with time limits were used: (1) the Miller Analogies Test (a difficult test of mental ability); (2) a picture test developed originally for officer selection by the Office of Naval Research; and (3) the RBH Nonverbal Reasoning Test.

In addition, each executive was asked to:

1. Fill out an individual background survey covering ages ten to forty-five
2. Check his personnel record to show how he made

early decisions regarding school, his first job, etc.

3. Answer a work patterns profile
4. Complete a general attitude questionnaire
5. Describe himself on a self-rating form
6. Take a judgment test based on typical business situations
7. Fill out a Guilford-Zimmerman Temperament Test (a personality questionnaire).

Neither RBH nor ETS has held out promises of easy or quick solutions to problems of executive selection. Both feel, however, that some progress toward solutions can be expected, provided the research is supported by the companies and carried out actively over a period of several years.

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Trends in Labor Relations

Wage Adjustment Based on BLS Earnings Series

A three-year contract negotiated in August, 1956, by a midwestern firm and the Allied Industrial Workers of America, AFL-CIO, contains an unusual wage escalation clause. Rather than basing wage changes on the consumer's price index of the Bureau of Labor Statistics, they are based on the "Average Hourly Gross Earnings, All Manufacturing Industries" series compiled by the Bureau of Labor Statistics.

Twice each year, the earnings series is consulted. If "average hourly earnings" fail to increase more than 3% in any year ending on August 1 (using the July figures), the company may make a wage increase of up to 3% or permit the union to reopen wage negotiations. If "average hourly earnings" increase more than 3% but less than 6%, the contract provides an automatic formula for computing wage boosts. If the series increases by more than 6%, the company may exercise its option to reopen the contract.

Should the series decrease for any year ending on August 1, no downward adjustment will be made for the first 2.5% of decrease. After that point, an automatic formula for wage decreases is used.

In February of each year, similar computations are made, with adjustments effective March 1. Adjustments made the following August include any changes upwards or downwards made the preceding March.

The clause gives the union the option of reopening for wages *only* if the BLS average hourly earnings figures fail "to increase by as much as 3% in any year ending on August 1," and if the company does not elect on its own option to give an increase of up to 3%.

This provision reads as follows:

> This agreement shall remain in effect through August 1, 1959, except that the union shall have the option of reopening for wages only if the index fails to increase by as much as 3% in any year ending on August 1, using the index for July. Provided: If the index increases less than 3%, the company may bring the increase up to 3% or permit the union to reopen. If during the term of the agreement the index increases more than 6% in any year ending on August 1, the company may exercise its option to reopen. If at the end of any year ending on August 1 the index goes down, no downward adjustment will be made for the first 2.5% of decrease. Decreases below the 2.5% will result in an equal percentage of decreases in all wage rates.
>
> All August adjustments are to be effective September 1.
>
> C = July index of current year
> P = July index of previous year
> M = Percentage of increase on March 1
> S = Percentage of increase on September 1
>
> Formula for September 1:
>
> $$\frac{C - P}{P} - M = S$$
>
> In the event of a decline in the index, the formula for September 1 will be:
>
> $$\frac{P - C}{P} - (2.5\% + M) = S$$
>
> In February of each year, using the index for January, the percentage of increase since the last wage adjustment will be applied to all wage rates to the nearest whole cent.
>
> If the index has decreased in January or if the increase will average less than a full cent, no adjustment will be made.
>
> The index described above is provided by the Bureau of Labor Statistics and is known as Average Hourly Gross Earnings, All Manufacturing Industries. This index for the years shown is as follows:

1947	1.237	1952	1.67
1948	1.350	1953	1.77
1949	1.401	1954	1.81
1950	1.465	1955	1.87
1951	1.59	1956 June	1.98

> In the event the Bureau of Labor Statistics changes its method of computing this index, its formula for converting the new index to this old index will be used. . . .

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Labor Press Highlights

How Long Should Contracts Last?

THE AFL-CIO's *Collective Bargaining Report* is critical of what it calls the "increasing and often misleading publicity" being given to longer-term agreements. It argues that although the number of contracts extending for more than one year is on the increase, many of them permit revisions, particularly of wages, before the expiration date. The report says that this is done, in the case of wages, by providing for: (a) reopening by either party for renegotiations; (b) deferred fixed increases to become effective at specified dates during the agreement term; (c) and often, in addition to the deferred increases, automatic increases to adjust for any change in cost of living.

Pros and Cons of Long-Term Agreements

Whether a union should approve a long-term agreement, according to the *Collective Bargaining Report,* is dependent upon many factors: the length of the contract and its reopening provisions; the automatic changes in the contract; the provisions which bind the union for a long period; the relationship of the employer with the union; the strength of the union and the attitudes of the union membership; and the concessions granted the union in return for a long-term agreement.

Argument for Long-Term Agreements

The main argument given in favor of long-term agreements is increased stability. But according to the *Collective Bargaining Report,* stability that may follow from an agreement without reopeners may not indicate labor-management "peace." Instead, if economic conditions change, and there are no provisions for reopening, there may be increased unrest and a decline in worker morale. The UAW has tried to avoid such a pitfall by viewing its long-term agreements as "living documents." And many other unions have insisted upon some flexibility in their long-term contracts.

Arguments Against Long-Term Agreements

The AFL-CIO *Report* lists many arguments against long-term agreements:

1. Infrequent negotiations may result in a lack of flexibility.
2. Management may offer inadequate concessions. It warns that long-term agreements should "not be sold cheaply" by unions.
3. "Undermining" of the inflexible noneconomic provisions of the contract may occur even though adequate provisions are made for economic adjustments.
4. Infrequent negotiations may cause grievances to pile up.
5. "To negotiate a contract every year may be tough. But not to negotiate each year may mean gradual death by hardening of the union arteries."

The Newspaper Guild's Position

The disadvantages of long-term agreements have so impressed the AFL-CIO Newspaper Guild that at its last convention in Toronto it voted to limit the duration of all its agreements.

The Guild felt that the trend toward long-term agreements "must be reversed." As a result, the convention adopted the following constitutional amendment: "Without permission of the IEB [international executive board], no contract shall be for a period of more than two years, nor shall any two-year contract fail to provide for either a mid-term wage increase or for a reopening on wages."

Based upon this resolution, *The Guild Reporter* describes how its international executive board rejected an agreement which, with a reopening clause, would have lasted three years.

The Cement Workers View Long-Term Agreements

President Felix C. Jones of the Cement Workers has given his views concerning long-term agreements which are perhaps typical of those held by many old-line craft unions. In the *Voice,* President Jones comments that the traditional position of his union has been in favor of one-year contracts. But in the future, because of the trend in the direction of long-term contracts, particularly in the steel industry, more-than-one-year agreements may "filter down" to the cement industry.

However, Mr. Jones cautions that there are certain indications of labor relations maturity which must occur before a long-term contract becomes feasible. These are:

1. A mutual respect by labor and management and an understanding of the role each has to play. An evidence of this is when negotiations are conducted between the top management and top union officials.

2. Management acceptance of the union as the exclusive representative of all employees in the bargaining unit.
3. The rationalization of wage rates within a multiplant company. Wages should be kept relatively uniform throughout the multiplant system.

President Jones concludes that long-term agreements by themselves do not insure industrial peace, particularly if the country is faced with a depression or inflation. That is why he feels that maturity in labor relations is a prerequisite for a more-than-a-year contract. Then the Cement Union will see whether wage and other contract improvements "warrant long-term arrangements."

"Prejudice Costs Too Much"

Prejudice "is morally wrong," and costs too much, contends Boris Shishkin, director of the AFL-CIO Civil Rights Committee. In citing what the AFL-CIO has done to combat this evil, Mr. Shishkin, in the *American Federationist* points out that the South, where Negroes are numerous, usually pays lower wages than other areas. He claims that through unionization these differentials can be eliminated, and he gives the bituminous coal industry as an example. (See table.)

But Mr. Shishkin comments that this drive by unions has not achieved enough. Negroes still do not earn as much as whites, and their skills are not being used to the extent they could be. In dollars and cents, the director of the AFL-CIO Civil Rights Committee believes that this discrimination has been costly to all Americans. And he states the committee will try to wipe out this "ugly luxury."

Discrimination Within the AFL-CIO

Discrimination within the AFL-CIO itself is another phase of the problem with which the AFL-CIO Civil Rights Committee must contend. To do this job, President George Meany recently announced the formation of a subcommittee of the Civil Rights Committee, according to *Labor's Daily*. This subcommittee will process complaints involving discrimination by any AFL-CIO national union. Members of this subcommittee include James Carey, president, International Union of Electrical Workers; Milton P. Webster, vice-president, Brotherhood of Sleeping Car Porters; Willard S. Townsend, president, United Transport Service Employees; and Charles S. Zimmerman, vice-president, International Ladies' Garment Workers' Union. Boris Shishkin will serve as secretary of the subcommittee. One of the new subcommittee's first problems may be the discriminatory provisions in two AFL-CIO national union constitutions.

National Postal Transport Union

One of these two unions, the National Postal Transport Association, states in its constitution that an applicant must be ". . . of the Caucasian race, or a native American Indian," except in any state or community where this provision is contrary to law. According to *Labor's Daily* President George Meany had written to the union's recent convention asking that it make some change in its discriminatory practices, and he warned if it did not, the NPTA might have to leave the AFL-CIO. President Paul Nagle of the NPTA also fought for a change, commenting that "expulsion from the united labor movement would be a catastrophe to our union." But the convention rejected Mr. Meany's and Mr. Nagle's appeal, and it voted down a compromise proposal by one vote. This rejected compromise would have permitted discrimination on a local level by allowing each branch to "establish its own rules for the election of applicants."

Brotherhood of Locomotive Firemen and Engineers

The other AFL-CIO national union which has a discriminatory provision in its national constitution is the Brotherhood of Locomotive Firemen and Engineers, a new member of the AFL-CIO. Its constitution states that an applicant for membership must be "white born." "Mexicans or those of Spanish-Mexican extraction are not eligible." Again, these restrictive provisions hold except in any state or community where they are contrary to law. As reported in the last issue of *Management Record,* A. Philip Randolph, president of the Sleeping Car Porters, had protested against permitting the Locomotive Firemen and Enginemen to join the AFL-CIO. But according to *The Black Worker,* President Meany replied that by allowing the brotherhood to join, the AFL-CIO might be able to help the union rid itself of racial barriers.

AFL-CIO Tabulation of Average Wage Rates in Southern Bituminous Coal Mines, Expressed as a Percentage of Average Wage Rates in Northern Mines, in Selected Years, 1919-1956

Year	Southern Rates as Percentage of Northern
1919	84
1924	68
1926	70
1929	80
1931	80
1933	77
1934	91
1935	92
1936-37	93
1938-40	91
1941-46	100

Source: Bureau of Labor Statistics, U. S. Department of Labor and Bureau of Mines, U. S. Department of Interior. Because of the limitations of data, the northern rates between 1919 and 1933 are those for the central competitive area (Ohio, Indiana and Illinois). Between 1937 and 1946, northern Appalachian rates are compared with southern Appalachian. While not identical, these northern rates are comparable.

Union Problems in the Textile Industry

"Textiles—Crisis in America" charges the headlines of *Textile Labor.* The monthly magazine of the AFL-CIO Textile Workers Union of America (formerly CIO) gives over a whole issue to a discussion of why it believes there is such a crisis. It lists as reasons: (1) textile wages are 25% below the national industrial average; (2) the textile industry is only 25% organized, while other manufacturing industries are 75% organized; (3) textile communities are in poor economic condition—for example, the average family income in a typical textile state (North Carolina) is $1,236 per year, while for the nation as a whole it is $1,847.

The Textile Workers Union is angry about this situation, says President William Pollock. The union's suggestions to alleviate the "crisis" include:

1. Organize the unorganized.
2. Repeal or amend the Taft-Hartley Act.
3. Enforce civil rights laws and the Constitution.
4. Be politically active.
5. Convince those who have opposed union organization that it would help raise standards for textile communities.
6. Set up specific import quotas.
7. Oppose mergers in the textile industry because they do not render a public service.

The Wage Increase in the South

Recently, several nonunion southern textile companies granted a 10 cents an hour increase to their workers. And they gave the government's favorable action on the tariff as one reason for the pay raise.

Though it believes the raise was "inadequate," the Textile Workers Union contradicts the companies' explanation and takes the credit itself for their action, according to *Textile Labor.* To back up this argument, the TWUA cites its publication of "Textiles—Crisis in America" as one reason for the raise. It also claims two other important factors: the union's drive for wage increases and the pressure of increased union organization in the South.

The United Textile Workers (formerly AFL) also comments that the raise was not enough and that "the only way textile workers will be able to close this gap [between textile and other manufacturing wages] is through organization," as stated in *The Textile Challenger.* Therefore, its convention has passed a resolution providing for a special organizing fund to unionize southern textile workers, reports *Labor's Daily.* This fund, which could reach $150,000, will be financed through an assessment of $2 per member per year and will be paid by the local unions.

The textile unions face other problems. *Labor's Daily* reports that after the Textile Workers Union won a representation election at a southern company, the company decided that it would liquidate the mill. As a result, *The AFL-CIO News* reports that the workers are now petitioning the NLRB to void the election. TWUA president, William Pollock, complained to Secretary of Labor James P. Mitchell and NLRB special counsel Theophil Kammholz about this and also some of the NLRB's own activities, which he claimed made it difficult to organize in the South. Mr. Mitchell and Mr. Kammholz promised that they would investigate the TWUA's charges.

Mr. Pollock also commented that "we can't organize the South without government help," according to *Labor's Daily.* As a result, some time later, the same newspaper reports that Mr. Pollock answered a *Wall Street Journal* charge of arrogant ambition because he wanted help from the government. Mr. Pollock replied that the government should not be neutral "between collective bargaining and no collective bargaining," but it should "encourage collective bargaining."

Statistics on the Shorter Workweek

In order to help its members fight for a shorter workweek,[1] the AFL-CIO's department of research included in its recent *Collective Bargaining Report,* the following table. It gives the per cent of workers in areas throughout the country on a scheduled workweek of less than forty hours:

AFL-CIO Tabulation of Workers[1] on Workweek Schedules[2] of Less than Forty Hours in Seventeen Major Areas (1955-1956)

Labor Market Area	Date of Survey	% of All Plant and Office Workers[1]	% of Office Workers	% of Plant Workers
Atlanta	Apr. 1956	9	31	3
Chicago	Apr. 1956	13	36	6
Dallas	Oct. 1955	6	12	4
Denver	Dec. 1955	6	14	3
Detroit	Oct. 1955	5	16	3
Los Angeles-Long Beach	Mar. 1956	6	15	3
Memphis	Feb. 1956	3	12	1
Milwaukee	Nov. 1955	8	17	6
Minneapolis-St. Paul	Dec. 1955	12	29	6
Newark-Jersey City	Dec. 1955	22	65	10
New Orleans	Nov. 1955	6	23	3
New York	Apr. 1956	46	87	19
Philadelphia	Nov. 1955	19	61	8
Portland	Apr. 1956	6	15	4
Providence	Mar. 1956	8	39	3
San Francisco-Oakland	Jan. 1956	21	37	13
St. Louis	Feb. 1956	9	18	7
All seventeen areas		17	46	7

[1] Nonsupervisory workers (excluding executive, technical, professional employees not in the office or plant force) in all major industry groups except construction, mining, railroads, and government institutions. Minimum-size establishment surveyed was one with fifty-one employees in smaller cities, 101 employees in larger cities.

[2] Work schedules studied were normal work schedules. The percentages are not affected by workers on a part-time schedule or on a schedule temporarily reduced to less than forty hours for work-sharing purposes.

Source: Bureau of Labor Statistics, Department of Labor.

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Division of Personnel Administration

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[1] See *Management Record,* October, 1956, p. 364 and November, 1956, p. 399.

Significant Labor Statistics

Item	Unit	1956							Year Ago	Percentage Chan	
		October	Sept.	August	July	June	May	April		Latest Month over Previous Month	Later Mont over Year Ago
Consumer Price Indexes											
All Items	1953 = 100	102.7	102.4	102.3	102.1	101.7	101.2	101.0	100.7	+0.3	+2
Food	1953 = 100	100.8	100.3	100.4	100.1	99.2	97.7	97.0	98.6	+0.5	+2
Housing	1953 = 100	103.4	103.3	103.0	102.8	102.7	102.6	102.6	101.9	+0.1	+1
Apparel	1953 = 100	100.5	100.3	100.2	100.0	99.9	99.7	99.6	99.4	+0.2	+1
Transportation	1953 = 100	104.1	104.1	103.9	104.0	103.9	104.1	104.4	101.3	0	+2
Sundries	1953 = 100	105.0	104.7	104.5	104.2	103.9	103.8	103.7	102.7	+0.3	+2
Purchasing value of dollar	1953 dollars	97.4	97.6	97.8	97.9	98.3	98.8	99.0	99.3	−0.2	−1
(*BLS*) All Items	1947–1949 = 100	117.7	117.1	116.8	117.0	116.2	115.4	114.9	114.9	+0.5	+2
Employment Status[1]											
Civilian labor force	thousands	68,082	68,069	68,947	69,489	69,430	67,846	66,555	67,292	A	+1
Employed	thousands	66,174	66,071	66,752	66,655	66,503	65,238	63,990	65,161	+0.2	+1
Agriculture	thousands	7,173	7,388	7,265	7,700	7,876	7,146	6,387	7,905	−2.9	−9
Nonagricultural industries	thousands	59,000	58,683	59,487	58,955	58,627	58,092	57,603	57,256	+0.5	+3
Unemployed	thousands	1,909	1,998	2,195	2,833	2,927	2,608	2,564	2,131	−4.5	−10
Wage Earners[2,3]											
Employees in nonagr'l establishm'nts	thousands	*p* 52,370	*r* 52,183	*r* 51,881	50,896	51,709	51,197	50,848	51,125	+0.4	+2
Manufacturing	thousands	*p* 17,184	*r* 17,079	*r* 17,034	16,291	16,809	16,715	16,769	17,006	+0.6	+1
Mining	thousands	*p* 812	*r* 816	*r* 817	746	812	786	790	778	−0.5	+4
Construction	thousands	*p* 3,282	*r* 3,335	*r* 3,353	3,270	3,257	3,040	2,853	3,031	−1.6	+8
Transportation and public utilities	thousands	*p* 4,171	*r* 4,178	*r* 4,178	4,148	4,181	4,138	4,121	4,121	−0.2	+1
Trade	thousands	*p* 11,259	*r* 11,138	*r* 11,047	11,015	11,091	10,985	10,928	10,990	+1.1	+2
Finance	thousands	*p* 2,309	*r* 2,323	*r* 2,355	2,342	2,320	2,289	2,278	2,241	−0.6	+3
Service	thousands	*p* 6,039	6,104	6,137	6,137	6,089	6,041	5,979	5,915	−1.1	+2
Government	thousands	*p* 7,314	*r* 7,210	*r* 6,960	6,947	7,150	7,203	7,130	7,043	+1.4	+3
Production and related workers in mfg. employment											
All manufacturing	thousands	*p* 13,387	*r* 13,299	*r* 13,245	12,514	13,078	13,036	13,114	13,440	+0.7	−0
Durable	thousands	*p* 7,701	*r* 7,567	*r* 7,541	7,081	7,602	7,613	7,674	7,721	+1.8	−0
Nondurable	thousands	*p* 5,686	*r* 5,732	*r* 5,704	5,433	5,476	5,423	5,440	5,719	−0.8	−0
Average weekly hours											
All manufacturing	number	*p* 40.6	*r* 40.7	40.2	40.0	40.1	40.0	40.3	41.1	−0.2	−1
Durable	number	*p* 41.4	*r* 41.4	40.7	40.6	40.8	40.7	41.1	41.7	0	−0
Nondurable	number	*p* 39.6	39.7	39.5	39.3	39.2	39.1	39.2	40.3	−0.3	−1
Average hourly earnings											
All manufacturing	dollars	*p* 2.02	2.00	1.98	1.97	1.97	1.96	1.96	1.91	+1.0	+5
Durable	dollars	*p* 2.15	2.13	2.10	2.07	2.09	2.08	2.08	2.04	+0.9	+5
Nondurable	dollars	*p* 1.83	1.82	1.81	1.82	1.81	1.80	1.79	1.72	+0.5	+6
Average weekly earnings											
All manufacturing	dollars	*p* 82.01	*r* 81.40	79.60	78.80	79.00	78.40	78.99	78.50	+0.7	+4
Durable	dollars	*p* 89.01	*r* 88.18	85.47	84.06	85.27	84.66	85.49	85.07	+0.9	+4
Nondurable	dollars	*p* 72.47	72.25	71.50	71.53	70.95	70.38	70.17	69.32	+0.3	+4
Straight time hourly earnings (estimated)											
All manufacturing	dollars	*p* 1.96	1.94	1.92	1.92	1.91	1.91	1.90	1.84	+1.0	+6
Durable	dollars	*p* 2.07	2.05	2.03	2.00	2.02	2.01	2.01	1.96	+1.0	+5
Nondurable	dollars	*p* 1.79	1.78	1.77	1.78	1.77	1.76	1.75	1.67	+0.6	+7
Turnover Rates in Manufacturing[2]											
Separations	per 100 employees	*p* 3.4	*r* 4.4	3.9	3.2	3.4	3.7	3.4	3.5	−22.7	−2
Quits	per 100 employees	*p* 1.7	2.6	2.2	1.5	1.6	1.6	1.5	1.8	−34.6	−5
Discharges	per 100 employees	*p* 0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0	0
Layoffs	per 100 employees	*p* 1.2	*r* 1.4	1.2	1.2	1.3	1.6	1.4	1.2	−14.3	0
Accessions	per 100 employees	*p* 3.7	4.1	3.8	3.3	4.2	3.3	3.3	4.1	−9.8	−9

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[1] Bureau of the Census.

[2] Bureau of Labor Statistics.

[3] The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1955 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from governmen social insurance programs. The adjustment affects all figures since February, 1956

p Preliminary. *r* Revised. A Less than .05% change.

Price Level Moves Higher

THE RETAIL price level moved 0.3% higher in October, 1956, according to THE CONFERENCE BOARD's consumer price index for the United States. The all-items index rose to 102.7 (1953=100), 2.0% above its October, 1955, level.

The purchasing value of the October dollar was down to 97.4 cents (1953 dollar = 100 cents). The consumer thus obtained 0.2 cent less for his dollar than in the previous month and 1.9 cents less than in October, 1955.

Price increases over the month were reported for four of the five major commodity groups included in the index. Food prices, which rose 0.5%, registered the largest increase. Sundries followed with an 0.3% advance; apparel was up 0.2% and housing 0.1%. Only transportation costs remained at their September level.

A Closer Look at the Price Situation

The upward tendency of retail prices first became clearly distinguishable six months ago when food prices started to rise. Until then, the over-all upward price movement was obscured by the continuous decline of the food index. In May, however, food joined the general trend, and the total price level has risen ever since. Thus prices were 1.7% higher in October, 1956, than in April, 1956.

Food prices, which leveled off slightly in September, were considerably stronger in October, as a 2.9% drop in the price for fruits and vegetables was not sufficient to offset advances in all other food groups. Meat, fish and poultry were 1.6% dearer over the month. The largest increase, 4.5%, was reported for beef. After hitting unprecedented lows early this year, beef prices have rallied strongly since May and now are more than 15% above that month's level. Pork, up 1.2% over the month, has followed a price pattern similar to beef, but pork prices dropped more and recovery started somewhat earlier, bringing the October level 18% above the year's low. These higher meat prices were partly balanced by the continued decline of poultry prices. Record production, substantially higher than in 1955, caused a 10% price drop over the year and a 2.1% decline over the month.

Cereal and bakery products registered their largest advance of the year, 0.6%. Flour was somewhat cheaper over the month, but bread prices, up 0.7%, pushed the index to a new high.

The 1.6% advance in the dairy products and eggs index was primarily caused by continued price hikes for fresh milk, butter and eggs. Milk production was above 1955 levels, but so were production and distribution costs. These increases, combined with the usual seasonal movement and a favorable demand situation, have pushed prices to new highs well above 1953 levels. Eggs, which were bargain priced during the unusually cool summer months, have shown considerable strength since August, and between September and October moved 4.6% higher. Butter, moving up 1.0%, also showed greater strength.

The "other food" group moved 0.5% higher, as coffee and sugar became more expensive.

Fruits and vegetables were considerably cheaper than during the previous month, mainly reflecting a 7.8% drop for fresh vegetables. Fresh fruits declined 0.3%, and a slight drop was evident in frozen produce.

Housing costs advanced fractionally. Rents were up 0.3%; and fuel, power and water were 0.4% higher. But housefurnishings and equipment, and household operation costs remained unchanged.

The apparel index advanced 0.2% to reach its highest point since March, 1952. Both men's and women's apparel prices were up a slight 0.1%, with increases scattered throughout this component. The only exception was hosiery, which was slightly cheaper for both men and women. Apparel service charges continued to climb, rising 1.0% over the month.

Transportation costs were unchanged in October, with both public and automobile transportation remaining at their September levels. Used cars were slightly cheaper over the month, but automobile upkeep was more costly. (The 1957 model cars arrived on the market too late to be included in the October index.)

The sundries index advanced 0.3% in October, with increases reported in all subgroups. Alcoholic beverages and tobacco were up 0.5%, as many large distillers hiked prices on whiskies and other spirits. Medical care charges also rose 0.5%, while personal care was up 0.3% and recreation 0.2%.

Smaller Dollar in 1956

In October, 1956, the dollar was worth 1.9% less than in October, 1955. Consumers had to pay more for each major commodity group in the market basket than in the previous year. The largest increases came

Consumer Price Index—United States

Cities over 50,000 in population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
										Fuel, Power, Water		
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Total	Gas	Electricity
1955 March	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.8	104.2	101.7
September	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
1955 Annual Average	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	103.7	106.0	101.9
February	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	104.3	106.0	101.9
March	101.1	97.0	87.4	104.9	96.0	101.7	105.8	102.6	107.2	104.4	106.0	102.0
April	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	104.5	106.1	102.0
May	101.2	97.7	88.5	105.0	94.4	105.6	106.7	102.6	107.6	104.0	106.2	102.0
June	101.7	99.2	89.9	105.3	94.3	112.1	107.4	102.7	107.7	104.0	106.0	102.0
July	102.1	100.1	90.9	105.5	95.1	114.2	108.0	102.8	107.9	103.9	106.0	102.0
August	102.3	100.4	92.5	105.7	96.5	110.8	108.5	103.0	108.0	104.0	106.1	102.0
September	102.4	100.3	93.6	105.8	97.4	105.8	109.1	103.3	108.1	104.3	106.5	102.0
October	102.7	100.8	95.1	106.4	99.0	102.7	109.7	103.4	108.4	104.7	106.5	102.4

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1955 March	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
1955 Annual Average	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0
February	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.0
March	99.4	102.3	99.4	99.9	98.2	105.1	103.7	98.9	183.6	54.5	115.0
April	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.0
May	99.1	102.4	99.7	100.3	98.2	104.1	103.8	98.8	183.9	54.4	115.2
June	99.1	102.4	99.9	100.5	98.3	103.9	103.9	98.3	184.7	54.1	115.8
July	99.0	102.8	100.0	100.7	98.2	104.0	104.2	97.9	185.4	53.9	116.2
August	98.9	103.0	100.2	101.1	98.3	103.9	104.5	97.8	185.8	53.8	116.4
September	99.3	103.6	100.3	101.6	98.2	104.1	104.7	97.6	186.0	53.8	116.6
October	99.3	103.6	100.5	101.7	98.3	104.1	105.0	97.4	186.5	53.6	116.9

Consumer Price Index—United States

Annual averages 1914-1955[a]
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1935	53.6	186.6	1945	70.2	142.5
1915	40.0	250.0	1926	68.3	146.4	1936	54.8	182.5	1946	74.9	133.5
1916	43.0	232.6	1927	66.9	149.5	1937	57.2	174.8	1947	84.7	118.1
1917	51.3	194.9	1928	65.9	151.7	1938	55.7	179.5	1948	90.1	111.0
1918	59.5	168.1	1929	65.6	152.4	1939	55.0	181.8	1949	88.8	112.6
1919	67.6	147.9	1930	63.4	157.7	1940	55.4	180.5	1950	90.0	111.1
1920	77.8	128.5	1931	57.0	175.4	1941	58.3	171.5	1951	97.0	103.1
1921	66.8	149.7	1932	50.9	196.5	1942	64.5	155.0	1952	99.5	100.5
1922	63.6	157.2	1933	49.0	204.1	1943	68.2	146.6	1953	100.0	100.0
1923	65.4	152.9	1934	51.8	193.1	1944	69.1	144.7	1954	100.2	99.8
1924	66.1	151.3							1955	100.3	99.7

[a] Indexes from 1914 through 1919 are for the month of July only and are not annual averages

Consumer Price Indexes for Individual Cities

These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

Cities Surveyed Monthly

	1953 = 100			Percentage Changes			1953 = 100			Percentage Changes	
	Oct. 1956	Sept. 1956	Oct. 1955	Sept. 1956 to Oct. 1956	Oct. 1955 to Oct. 1956		Oct. 1956	Sept. 1956	Oct. 1955	Sept. 1956 to Oct. 1956	Oct. 1955 to Oct. 1956
Chicago						**Los Angeles**					
All Items	105.1	104.7	103.7	+0.4	+1.4	All Items	101.7	101.5	99.7	+0.2	+2.0
Food	101.7	101.2	100.1	+0.5	+1.6	Food	99.1	98.1	96.4	+1.0	+2.8
Housing	109.1	108.6	107.9	+0.5	+1.1	Housing	101.6	101.5	100.8	+0.1	+0.8
Apparel	102.0	101.2	101.3	+0.8	+0.7	Apparel	100.1	99.6	99.5	+0.5	+0.6
Transportation	103.2	103.6	102.9	−0.4	+0.3	Transportation	104.3	105.3	100.7	−0.9	+3.6
Sundries	107.4	106.8	104.6	+0.6	+2.7	Sundries	104.5	104.0	102.1	+0.5	+2.4
Houston						**New York**					
All Items	101.9	102.0	100.7	−0.1	+1.2	All Items	103.4	103.0	100.6	+0.4	+2.8
Food	100.5	99.9	100.0	+0.6	+0.5	Food	102.3	101.0	97.9	+1.3	+4.5
Housing	102.9	102.9	101.2	0	+1.7	Housing	104.1	104.1	102.1	0	+2.0
Apparel	101.4	101.4	99.3	0	+2.1	Apparel	99.0	99.3	97.8	−0.3	+1.2
Transportation	101.7	103.2	100.8	−1.5	+0.9	Transportation	113.2	113.1	108.6	+0.1	+4.2
Sundries	102.9	103.0	101.7	−0.1	+1.2	Sundries	103.3	103.2	101.8	+0.1	+1.5

Cities Surveyed Quarterly

	1953 = 100			Percentage Changes			1953 = 100			Percentage Changes	
	Oct. 1956	July 1956	Oct. 1955	July 1956 to Oct. 1956	Oct. 1955 to Oct. 1956		Oct. 1956	July 1956	Oct. 1955	July 1956 to Oct. 1956	Oct. 1955 to Oct. 1956
Birmingham						**Newark-N.E. N. J.**					
All Items	101.9	101.1	101.3	+0.8	+0.6	All Items	101.9	101.0	100.2	+0.9	+1.7
Food	99.2	98.6	99.4	+0.6	−0.2	Food	100.8	100.0	100.3	+0.8	+0.5
Housing	102.2	101.6	101.4	+0.6	+0.8	Housing	102.6	101.7	100.5	+0.9	+2.1
Apparel	102.3	100.7	99.8	+1.6	+2.5	Apparel	99.6	98.5	98.1	+1.1	+1.5
Transportation	96.7	96.7	101.8	0	−5.0	Transportation	101.3	101.6	98.7	−0.3	+2.6
Sundries	109.4	107.6	104.8	+1.7	+4.4	Sundries	104.3	102.8	101.8	+1.5	+2.5
Bridgeport						**New Orleans**					
All Items	103.2	102.9	100.9	+0.3	+2.3	All Items	102.7	102.9	101.4	−0.2	+1.3
Food	100.7	101.7	98.8	−1.0	+1.9	Food	102.1	103.6	100.6	−1.4	+1.5
Housing	103.1	102.1	100.6	+1.0	+2.5	Housing	103.0	102.5	102.0	+0.5	+1.0
Apparel	101.6	100.9	99.2	+0.7	+2.4	Apparel	101.0	101.6	99.4	−0.6	+1.6
Transportation	105.0	105.5	103.8	−0.5	+1.2	Transportation	100.3	100.3	98.8	0	+1.5
Sundries	106.8	105.7	103.7	+1.0	+3.0	Sundries	106.3	105.0	105.2	+1.2	+1.0
Cincinnati						**Philadelphia**					
All Items	103.6	103.1	101.9	+0.5	+1.7	All Items	102.6	101.0	99.8	+1.6	+2.8
Food	100.2	100.0	98.5	+0.2	+1.7	Food	101.7	99.4	97.7	+2.3	+4.1
Housing	104.7	103.6	103.9	+1.1	+0.8	Housing	102.2	100.5	99.7	+1.7	+2.5
Apparel	102.6	102.4	100.6	+0.2	+2.0	Apparel	99.8	99.7	99.4	+0.1	+0.4
Transportation	102.6	103.1	101.8	−0.5	+0.8	Transportation	105.7	104.6	102.9	+1.1	+2.7
Sundries	108.7	107.8	105.1	+0.8	+3.4	Sundries	104.8	103.5	102.3	+1.3	+2.4
Erie						**Roanoke**					
All Items	104.3	103.0	101.5	+1.3	+2.8	All Items	100.3	100.0	99.0	+0.3	+1.3
Food	101.9	100.8	99.2	+1.1	+2.7	Food	97.5	97.4	95.5	+0.1	+2.1
Housing	104.6	103.2	102.0	+1.4	+2.5	Housing	101.9	101.5	101.3	+0.4	+0.6
Apparel	101.6	100.9	99.7	+0.7	+1.9	Apparel	98.7	98.7	96.7	0	+2.1
Transportation	103.2	102.4	99.3	+0.8	+3.9	Transportation	102.5	103.0	102.1	−0.5	+0.4
Sundries	109.5	107.8	106.7	+1.6	+2.6	Sundries	101.5	99.8	99.6	+1.7	+1.9
Grand Rapids						**Seattle**					
All Items	104.5	104.0	101.9	+0.5	+2.6	All Items	103.1	102.2	100.7	+0.9	+2.4
Food	104.6	103.9	102.0	+0.7	+2.5	Food	103.3	101.7	99.3	+1.6	+4.0
Housing	103.9	103.2	101.7	+0.7	+2.2	Housing	102.1	101.5	100.3	+0.6	+1.8
Apparel	102.8	102.9	102.1	−0.1	+0.7	Apparel	101.6	100.4	99.2	+1.2	+2.4
Transportation	102.9	103.4	102.0	−0.5	+0.9	Transportation	100.1	100.5	99.5	−0.4	+0.6
Sundries	107.5	106.4	101.9	+1.0	+5.5	Sundries	107.5	106.4	105.3	+1.0	+2.1
Minneapolis-St. Paul						**Syracuse**					
All Items	103.4	103.2	101.6	+0.2	+1.8	All Items	101.8	101.2	100.0	+0.6	+1.8
Food	103.3	103.4	100.9	−0.1	+2.4	Food	99.0	98.3	97.3	+0.7	+1.7
Housing	104.0	103.6	102.3	+0.4	+1.7	Housing	103.7	103.1	101.0	+0.6	+2.7
Apparel	101.5	100.4	100.6	+1.1	+0.9	Apparel	102.2	101.6	99.6	+0.6	+2.6
Transportation	102.0	102.1	99.2	−0.1	+2.8	Transportation	102.6	100.9	102.5	+1.7	+0.1
Sundries	103.5	103.4	102.7	+0.1	+0.8	Sundries	102.4	102.3	101.4	+0.1	+1.0

in the food and sundries groups; both were up 2.2%. For the first time in 1956 all food groups were costlier than a year ago. Meat, fish and poultry, which had remained well below 1955 levels throughout the year, cost 1.2% more than in October, 1955. Fruits and vegetables were 5.1% dearer, and the "other food" group was up 4.0%.

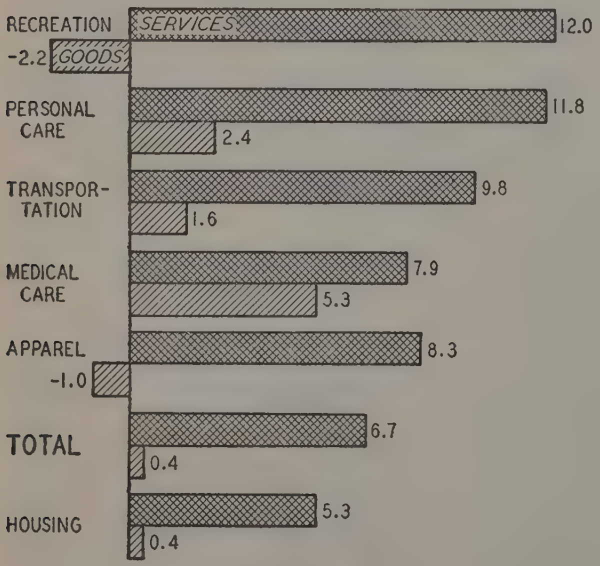
Housing costs, up 1.5%, presented just as unfavorable a picture to the consumer. All subgroups registered increases over the year—ranging from 2.2% for household operations to 0.6% for housefurnishings and equipment. Fuel, power and water rose 2.0%, and rents were 1.8% higher.

The apparel index climbed 1.1% over the year, with men's apparel prices increasing 2.1% and clothing services 5.6%. Women's clothing was the only group to register a moderate decline—0.4%. Transportation costs rose 2.8% above October, 1955, with public transportation showing the greatest increase. The rise in the sundries index reflected substantial increases in the cost of medical and personal care and lesser increases in the other groups.

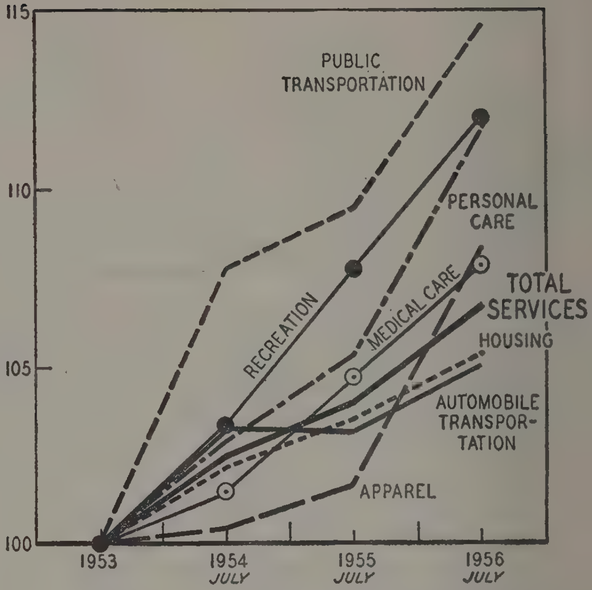
Price Movements of Goods and Services Compared

The relatively stable price level of the past few years was the result of opposing forces. Recently, however, these forces have begun working in the same direction, and a more definite upward price trend has resulted. This is clearly illustrated when the price movements of goods and services are compared.[1]

Service vs. Goods Costs
Per Cent Changes: 1953—July, 1956



Price Movements for Services
Index Numbers: 1953=100



From 1953 to July, 1956, all retail prices rose only 2.1%. But the service index rose 6.7%, while prices for goods increased less than one-half of 1%. Thus the greater part of the slow upward trend of retail prices may be attributed to the steadily higher costs of human labor, skill and time.

The small price increase for goods resulted primarily from substantial declines in food costs during most of the period. And the impact of these lower prices on the goods index was considerable, since food accounts for 40% of all retail goods. By July, 1956, however, food prices finally rose slightly above their 1953 level. This increase, combined with price increases for most other goods, brought the total index to a point 0.4% above the 1953 figure. Goods in the apparel and recreation groups were the only ones still priced below their 1953 level.

However, the upward price trend of services, as shown in the bar chart, was in all instances markedly stronger than that of goods. Personal care services rose 11.8%, while the goods in this group were only 2.4% dearer. All other groups, with the exception of medical care, showed a similar disparity between their price changes for goods and services, Thus, from 1953 to July, 1956, the service index increased more than fifteen times as much as the goods index.

The Price Movement of Services

The total service index increased steadily over the three-year period, and by July, 1956, the service dollar had lost more than 6 cents in value since 1953. Each of the subgroups included in the index contributed to the total price rise. The trend for each was consistently upward, except for an almost imperceptible dip in automobile transportation services in 1955.

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[1] The service dollar, as defined here, includes only those items which primarily consist of services. The so-called hidden services, which form an integral part of many goods, are not included in the service index.

The largest increase over the period occurred in public transportation services, which rose 4.6%. About half of this rise came during the first year. The second largest increase was recorded by recreation services, as movie admissions went up 12.0% between 1953 and July, 1956. This increase was distributed almost evenly over the three years. Personal service charges were a strong contender for second place; they rose 11.8%. The bulk of this increase came during the last year. This was true also for apparel services, which rose more than 6% between 1955 and 1956, and as a result they were 8.3% above 1953 levels by July, 1956.

Medical care charges went up 7.9% over the period, with most advances occurring during the last two years. Housing services, on the other hand, recorded steady increases which amounted to a total of 5.3% by July, 1956. Automobile transportation charges showed the smallest price advance of all services—5.0%. Prices for this group moved higher during the first and the last year of the period and declined very slightly during the second year. Price movement for services, in general, has been strongest in the most recent period.

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Foremen During Strikes

(Continued from page 429)

aries would have to be cut. The company found that this announcement prevented supervisors from assuming a cocky attitude of "we don't care how long it lasts." And company officials say that this time they had much better foremen-employee relations when the strikers returned to work.

Limits on Length of Time Paid

A few companies placed specific limits on the length of time they would pay foremen during a strike. The shortest was two weeks or one pay period; the longest was four months. A few restricted their payments to thirty days, one to sixty days. A steel company declared that it would pay full-time for two months and half-time for the next two months; a rubber company placed its limit at three months.

Only two firms report that they do not pay their first-line foremen. In one case, a New York concern said that its first-line supervisors had refused to cross the picket line, and consequently received "no pay." A shipping concern noted that its first-line supervisors belonged to the union and therefore went out on strike.

Companies like public utilities that expect to continue operations throughout a strike have no difficulty in making their decisions for, as already stated, they have work for their foremen to do—the work the men on strike had previously done.

FOREMEN DURING WILDCAT STRIKES

In addition to union-authorized strikes called at contract expiration or during wage reopenings, there is another type—the wildcat strike.

The wildcat strike differs considerably from union-authorized strikes. In the first place, the wildcat generally comes as a complete surprise, while management is usually notified well in advance when an authorized strike is to take place. A second difference is that a wildcat is usually of short duration—sometimes only a few hours—while the authorized strike generally lasts much longer. In the third place, unlike authorized strikers, wildcat strikers do not have the right to strike. They do so in violation of their own union contract, and management under that contract has the right to discipline them for such unauthorized work stoppages.

Special manuals giving instructions to supervisors on how to handle a wildcat strike are frequently distributed long before a wildcat takes place. These instructions generally deal with the following two subjects: (1) preventing a wildcat strike; (2) ascertaining in a concrete fashion who is responsible for leading the unauthorized strike and who participated.

Preventing Wildcats

When a wildcat looks likely, most companies instruct foremen to emphasize to employees that the contract's grievance and arbitration machinery is the only proper way to secure redress of grievances. They are also instructed to bring the wildcatters' attention to the contract's no-strike clause and the penalties for unauthorized walkouts. (Example B)

The manuals of some companies instruct the foreman to speak directly to the union's representative in the plant. Other companies, however, feel that at this stage, a foreman-chief steward meeting might be too heated, and might even widen the area of controversy and precipitate a plant-wide walkout. The manuals of these companies, therefore, provide that the plant's union representative is to be contacted by someone one step removed from the immediate controversy, such as the industrial relations manager or the plant manager.

After the Wildcat Starts

Once the walkout starts, the foreman's main job is twofold: to prevent the wildcat strike's spread; and to put into writing information that would support the company's discipline of wildcatters as set forth in the grievance and arbitration procedure. Examples C and D show the "what," "when," "where" and

Example D: Supervisors' Report Form on Wildcat Strikes

WORK STOPPAGE REPORT

1. Plant________ Dept. No________ Bldg.________
   Floor________ Date________________
   Occupation of employees directly involved________________
   ____
   ____
   Date________ Time Started________ Shift________
   Date________ Time Ended________ Shift________

2. *Employee Information*
   Number of employees directly involved by shift:
   1st______ 2nd______ 3rd______ Total__________
   Number of employees suspended by shift for leadership:
   1st______ 2nd______ 3rd______ Total__________
   Number of employees suspended by shift for participation:
   1st______ 2nd______ 3rd______ Total__________
   Number of employees by shift in same department not working in sympathy with work stoppage:
   1st______ 2nd______ 3rd______ Total__________
   Number of employees by shift in same department not working because their activity is indirectly affected by the work stoppage:
   1st______ 2nd______ 3rd______ Total__________
   Number of employees in other departments not working in sympathy with work stoppage:__________
   Number of employees in other departments not working because their activity is indirectly affected by the work stoppage:__________
   Total Employees Not Working__________

3. *Man-Hours Lost*
   By employees directly involved prior to suspension __________
   Suspension hours __________
   By employees in same department in sympathy with work stoppage. Same and/or other shifts. __________
   By employees in same department indirectly affected __________
   By employees in other departments in sympathy with work stoppage __________
   By employees in other departments indirectly affected __________
   Total__________

4. Had the problem which allegedly caused the stoppage been properly reduced to writing and submitted for grievance handling at the time the stoppage occurred?
   No______ Yes______

5. Contents of grievance form
   ____
   ____

6. Had the grievance been handled at the time of the stoppage?
   No______ Yes______ If so, at what step?__________

7. State briefly the apparent cause of the stoppage.
   ____
   ____

8. Was the stoppage instituted by the employees themselves or at the direction of the union committeemen?
   Employees______ Committeemen______

9. If instituted by employees, was the identity established of those employees responsible?
   No______ Yes______ How?________________
   ____

10. In an effort to clarify any apparent misunderstanding in connection with the company's position, was a discussion (but not actual grievance negotiation) held with employees responsible and the committeeman at the time the stoppage was first instituted? No______
    Yes______ Committeeman's name__________

11. State briefly the explanatory remarks made to the employees and committeeman in clarifying the company's position ________________
    ____
    ____

12. Did the committeeman make any effort to have employees return to work and negotiate their grievance in accordance with the provisions of the company-union agreement? No______ Yes______

13. Were the committeeman and the employees told that they were violating the company-union agreement and to follow the proper method of handling the grievance or problem? No______ Yes______

14. If the stoppage was instituted by a committeeman, how did you identify the committeeman responsible?______
    ____
    ____
    ____

15. After the stoppage was in progress, did any employees in the group affected work the remaining portion of the shift? No______ Yes______
    If so, how many?______

16. Was each employee who stopped work questioned as to why he was not working? No______ Yes______
    Was a record made of his reply? No______ Yes______

17. Was each employee positively instructed to continue at work and to handle the grievance through the grievance procedure? No______ Yes______

18. Was a record made of those employees who refused to work? No______ Yes______ (Record each employee's name on back of form if less than the entire department refused to work.)

19. On what basis did employees return to work?__________
    ____
    ____

20. Set forth here your first and immediate report of the stoppage in a rough but complete narrative form. Use this report as the primary base for answering the preceding questions. (Use separate sheet if necessary and attach to this form.)________________
    ____
    ____
    ____

Submitted by________________________
(Department Foreman)

Approved ________________________
(General Foreman)

Date________________________

Example E: Instructions to Supervisors During the Poststrike Period

Meeting Returning Employees:

Wherever possible, make it your business to greet each individual with the words "We are happy to have you back."

Action To Be Taken by Supervisors:

a. Under no circumstances should the supervisor permit himself to become engaged in discussions regarding the strike, any violence that took place during the strike, individual employees who did or did not work during the course of the strike, grievances, court cases or unfair labor practice charges, union affairs, union officers or union meetings. Supervisors should avoid characterizing any member of the union in any form.

b. Keep in mind that the majority of the returning employees were not sympathetic toward the strike. Many were the victims of some form of threat or intimidation. They have not forgotten this and will not for a long time. These people will be looking for guidance and leadership. This presents a real opportunity for the supervisor, who is on the alert, to build up good relationships.

c. The supervisor should make himself available for advice and assistance to the employee on his job. It is essential that supervisors spend as much time as possible circulating around the department to see that everything is running properly.

d. The supervisor should avoid engaging in long conversations with any individual. In this connection, the supervisor must go out of his way to be firm and fair and make certain that no employee receives any treatment which may be construed as being partial.

e. The supervisor must make certain that as quickly as possible all employees are assigned to jobs and kept at such jobs. This is necessary to avoid idleness which will lead to congregating and conversing.

f. The supervisor should avoid getting overfriendly with either the returning employees who have been on strike or employees who have worked during the strike. Friendliness can lead to:

1. In the case of the striker—placing employees who worked during the strike in a position of feeling they have been deserted. (Keep in mind the average employee who worked during the course of the strike is going through considerable mental pressure as he faces his fellow employees who were out on strike.)

2. Friendliness toward the striker can also develop into a situation in which the striker may feel justified in his action and accordingly "feel his oats" and ride the nonstriker. In such case, he would, without question, point out the fact that supervision, in being more friendly toward him, was sympathetic toward the strike and had no use for the person who worked during the course of the strike.

3. As to the nonstriker, friendliness or favorite treatment to the nonstriker could have the effect of further placing him in bad with his fellow workers, thus widening the breach which may exist between the striker and the nonstriker.

4. Favorite treatment for nonstrikers could also create slowdowns on the part of the strikers; acts of sabotage on the part of the strikers, and finally a very definite resistance against the supervisor by the striker. This would result in grievances and other problems.

The Supervisor Should Be on the Alert for:

a. Side remarks and insults either to himself or fellow employees.

b. Congregating anywhere in the department or washrooms.

c. Physical contact such as shoving, etc. by strikers.

d. Disorderliness at the time clocks at the end of the shift.

e. Disorderliness by the exit doors at the end of the shift.

f. Tampering with tool boxes or company property. (Efforts may be made to place company property in nonstrikers' tool boxes for the purpose of getting a nonstriker fired.)

g. Refusal by strikers to work with nonstrikers. (In such cases, the supervisor should immediately investigate the situation keeping in mind that such investigation should be made in an orderly manner.) In such instances, avoid presenting an opportunity to anyone to make a floor demonstration. If the situation should get out of hand, escort the employee to the personnel department. Avoid getting into an argument.

h. Avoid getting into arguments with the stewards. The supervisor should be firm and fair; listen with interest to any problem which the steward may present, keeping in mind that the last half hour of a shift is intended for stewards to conduct their business. Make every effort to maintain an open door for the hearing of any grievance or problem arising out of the interpretation or application of the contract.

i. In handling grievances or controversial problems, always try to have another supervisor present.

j. Members of supervision should be the last to leave their departments each day for the next month or so.

"who" type of information that two companies instruct their foremen to secure.

WHEN THE STRIKE IS OVER

Company executives say that once an authorized strike is over their main concern is a speedy return to normal working relations. They indicate that sometimes this is difficult to achieve, especially if there has been a long strike or if the union officials seem bent on taking reprisals against nonstrikers. To help supervisors get through this difficult period, which is totally different from the strike period, a number of firms issue instructions to their supervisors as to how to conduct themselves. Example E gives one company's instructions to its supervisors on the return of employees at the strike's end.

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Salary Surveys

(Continued from page 421)

significance when actual salaries range between $11,000-$12,000.

2. Actual compensation paid is a more reliable index of what rates have to be paid in the current market.
3. High averages, due to long-service incumbents, are balanced by low averages of recently promoted or hired incumbents.
4. Data supplied by companies having no fixed rate ranges or having single rates are easily integrated into survey summaries.

Because incentive bonus plans for executives, key employees and middle management personnel are now used by a large number of companies, high-level position surveys are designed to assemble data on such extra compensation. Thus, prevailing rates refer to total compensation—base salary and bonus. However, extra compensation for top executives is a higher per cent of their total compensation than it is for middle management personnel. For this reason, survey data are separated for the two levels of positions, and comparisons are made accordingly. Another approach to the problem is to conduct separate surveys for each group of positions in order to get more reliable data about total compensation.

Case studies of two surveys should help to point up both the problems and solutions that two companies found in getting the compensation data that they needed.

CASE STUDY—COMPANY A

A large manufacturer and distributor of consumer personal products and food items has been conducting surveys for top and middle management positions since 1951. Originally, surveys were made every other year, with a management consulting firm handling them in 1951 and 1953. At the request of participating companies, services of the consulting firm were discontinued in 1954. The surveying company handled the assignment in 1955 and is doing so again this year, as the surveys are now on an annual basis.

The Community

A total of 102 companies were examined for prospective participants. By a process of elimination, thirty companies were selected as meeting the following requirements:

1. Common product interests—manufacturers and distributors of consumer products including beverages, drugs, foods, cigarettes and related products
2. Common market interests—all products sold nationally through grocery and drug stores and supermarkets
3. Products advertised in consumer magazines and local newspapers
4. Sales, advertising and marketing handled by own employees
5. Annual sales of not less than $100 million nor more than $400 million

Companies with less than $100 million in sales were eliminated because their top executives—president or executive vice-president—handle sales directly or have a strong influence on sales.

The company president, well versed in all areas of executive compensation and position evaluation, wrote letters to the presidents of each of the thirty companies. Replies were received from all invited participants but twelve considered the project unnecessary or unwise from their point of view. The remaining eighteen were given further information on the plan for the original survey in 1951. However, the sample was reduced to fifteen when it was learned a management consulting firm was retained to conduct the survey. The three "unwilling" companies expressed the opinion that consultants would use the information for executive search and placement purposes.

Bench-Mark Positions

A committee consisting of the chairman of the board, president, executive vice-president, director of personnel and wage and salary administration manager selected fifty bench-mark positions judged to be representative of the corporate structure—both horizontally and vertically. Two or more positions at different vertical levels were selected for each major function in the organization, including administrative, finance, law, sales, production, research and development, etc.

The suggestions and desires of invited companies were also considered in the original selection. The committee attempted to select positions that would have a minimum of eight exposures. However, it had to content itself with as few as four exposures for some positions in order to satisfy requirements of participating companies. Selection was limited to positions for which total compensation was not in excess of $35,000 in any of the companies. The following positions are some of those included:

- Assistant research director
- Copywriter
- Credit manager
- General office manager
- Industrial relations manager
- Media buyer
- Purchasing agent
- Project engineer
- Safety director
- Senior research & development associate
- Tax manager

For its second survey, the committee selected thirty bench-mark positions, all of which carried total compensation in excess of $35,000. This survey provided for fewer exposures since only seven companies participated—a majority of which had been in the first survey. Examples of these higher-level positions are:

- Budget director
- Director of personnel
- Director of research & development
- Plant manager
- Promotion manager
- Regional sales manager
- Vice-president—advertising
- Vice-president—marketing
- Vice-president—sales

Conducting the Survey

The survey procedure being followed now provides that participants be supplied with a copy of a "salary survey manual" in advance of personal visits by two company representatives—the wage and salary administration manager and his assistant. The manual contains (1) a complete description of executive employee benefits not considered as direct compensation, (2) detailed position descriptions (see sample for personnel director in the box on page 446), and (3) a complete set of organization charts and work sheets. Participants are requested to look the material over but not to fill in the work sheets. Approximately two to four weeks are allowed for this review before the arrival of the company representatives.

Visits to cooperating companies are scheduled to allow as much time as is necessary. Only on rare occasions has it been possible to assemble one company's data in less than a day. And often as much as half a day is devoted to a discussion of related topics before starting to assemble the wanted data. Frequently, a minimum of two hours is taken up in detailed discussion of the participant's form of organization structure and analysis of related organization charts. Other subjects include basis for arriving at annual sales figures, size of annual budget allocated for product research and development, methods of distribution, and the functions and responsibilities of district or regional sales managers according to annual sales volume.

The company making the survey was originally interested only in two classes of regional sales operations—Class A for sales volume of $10-$25 million and Class B for sales of $5-$10 million. However, this was expanded for other participants to include Class C for sales of $1-$5 million. In a majority of cases, either the company president or executive vice-president sits in on the conference when discussing the corporate organization structure and sales operations.

Next comes the tedious task of comparing positions. Company representatives go into great detail to insure comparability without belaboring the issue or antagonizing participant's representatives. Positions lacking comparability are eliminated from consideration. Not until there is complete agreement on comparability is compensation data recorded on work sheets.

While conducting its survey in 1955, the company learned that more than half of the participants completed the work sheets before its representatives arrived on the scene. Others, following the requested procedure, asked many important questions during the conference. In these cases, company representatives prepared the work sheets jointly with participants as planned. The company now insists that all required data on work sheets be furnished during these personal visits.

Items on the work sheets include:

1. Number of employees in position
2. Actual base salary paid each
3. Actual bonus paid or present annual rate of bonus
4. Salary range, if any, established for the position.

After assembling these data, they are processed and a summary report is prepared and distributed to participants. Data for companies collectively are reported on the following items:

Position Number

Total Compensation
- Range of compensation paid to all individuals
- Range of middle 50%
- Average of compensation paid to all individuals
- Average of middle 50%
- Median of all individuals

Bonus Factor
- Percentage of all individuals paid a bonus
- Range of all bonuses paid
- Average of all bonuses paid
- Over-all range as a percentage of total compensation
- Percentage of middle 50% of individuals paid a bonus
- Range of middle 50% of bonuses paid
- Average of middle 50% of bonuses paid
- Middle 50% range as a percentage of total compensation

Example of a Position Description for a Personnel Director

Basic Function

The Personnel Director develops and recommends company personnel policies, recommends divisional operating policies and establishes divisional operating procedures; he supervises the establishment and administration of specialized personnel functions, the interpretation of approved personnel policies and the administration of approved personnel programs; and he has functional responsibility for the effective application of personnel policies throughout the company.

Responsibilities

1. To develop and recommend company personnel policies and to recommend divisional operating policies.
2. To recommend capital and expense budgets for the Personnel Division.
3. To recommend organization plans for managerial positions in the Personnel Division and to authorize nonmanagerial positions within the division.
4. To establish divisional operating procedures necessary for the consistent application of established policies and the execution of approved personnel programs.
5. To supervise the establishment and administration of specialized personnel functions, including:
    a. Medical selection standards and employee health programs
    b. Employee benefit plans and programs
    c. Wage and salary administration and compensation plans
    d. Psychological selection standards and managerial personnel recruitment, placement, counseling, and development
6. To interpret approved personnel policies as to their effect on managerial employees, and to render this group advice and assistance on all personnel matters.
7. To direct the interpretation of approved personnel policies.
8. To forecast managerial manpower needs on a companywide basis, considering current organization or proposed reorganization of activities, estimated turnover of personnel, and the growth potentialities of the existing staff; and to recommend specific programs for meeting these needs.
9. To supervise the forecasting of all nonmanagerial manpower needs on a companywide basis, to review proposed programs for meeting these needs, and to recommend action to be taken.
10. To supervise the preparation and issuance of written manuals covering established personnel policies, procedures and programs.
11. To fulfill functional responsibilities for the application of approved personnel policies throughout the company.
12. To recommend the company position on issues negotiable with unions and to supervise all labor relations activities, including negotiation and administration of union contracts and conduct of arbitrations and other labor proceedings.
13. To supervise the development and administration of programs providing for performance reviews of all salaried employees.
14. To review contemplated managerial personnel actions including employment, transfers, promotions, merit increases and terminations, and to advise supervisory personnel as to conformity of planned actions with established personnel policies, recommending needed exceptions thereto in unusual circumstances.
15. To direct the development and establishment of a companywide safety program that will achieve the greatest freedom from accidents resulting in injury to company personnel, or loss of or damage to company property.
16. To insure that needed legal clearance is obtained for personnel policies, procedures and programs.
17. To direct the development of sources and the recruitment of candidates for all company positions.
18. To direct the development and administration of programs for individual and group training of employees at all levels in the company.
19. To direct the establishment and maintenance of divisional personnel records and information.
20. To recommend specific individuals for participation in executive development programs of a formal educational nature outside the company, and to supervise arrangements carried out for such purposes.
21. To appraise current progress in carrying out established personnel programs and their results.
22. To direct the review of proposed companywide announcements, statements and publications for employees, to propose needed changes therein, and to authorize release thereof; and to advise and counsel all organizational units of the company with respect to the personnel relations aspects of communications to employees.
23. To appraise the need for and recommend the use of outside personnel consulting services; to approve their selection, and to guide the execution of their assignments.
24. To act as chairman of Managerial Position Classification Committee "B."
25. To perform the responsibilities common to all management positions.

Reporting Relationships

The Personnel Director
1. Reports to the Administrative Vice-President.
2. Supervises the:
    a. Personnel Relations Manager
    b. Management Development Counselor
    c. Wage and Salary Administration Manager
    d. Medical Director

Base Salary Where Bonus Is a Part of Total Compensation
  Range of compensation paid to all individuals
  Range of middle 50%
  Average of compensation paid to all individuals
  Average of middle 50%
  Median of all individuals

Formal Salary Ranges
  Percentage of companies having ranges
  Salary range minimum:
    Low
    High
    Midpoint between low and high
  Salary range maximum:
    Low
    High
    Midpoint between low and high
  Percentage of salary range spread:
    Low
    High
    Average

Another request is that there be no objection by any participant to the inclusion of its data in the survey summaries that are distributed to all companies in the community. Unwilling participants are urged to agree to these terms of cooperation or withdraw from the survey group. Failure to comply with the rules made it necessary to replace one participant with another company last year.

Raw Data Held in Confidence

In his original letter to participants, the president gave assurance that all raw data furnished would be held in strict confidence. And company representatives make certain during their personal visits that there is not a trace of doubt about this pledge. Raw data are seen only by the wage and salary administration manager, his assistant and one statistical clerk. This confidence has not been violated. No other executive or any other employee in the company's personnel department has ever had access to such raw data. And the company intends to keep it this way.

Position Substitutions

The survey conducted in 1955 revealed ten of the original fifty bench-mark positions were getting too few exposures. In fact, the company found it necessary to eliminate coverage of the positions from the summary report distributed to all participants. Instead, the limited data were made available only to the few participating companies that had supplied the original information. Because seven of the participants rely on the survey results for projecting revised salary structures, low exposure positions are being replaced by others in the current 1956 survey.

Replacement positions are being selected on the basis of recommendations received from participants, with special consideration given to suggestions from the seven participants that use survey results for administration of their high-level salary programs. The procedure followed is identical to that used in selecting the original bench-mark positions.

Because of reportedly rapid changes in annual compensation and the reliance placed on surveys by some of the companies for computing new salary structures, annual surveys were inaugurated this year. However, the 1956 survey was handled by mail. Here's how it was made. Letters and telephone calls were the medium of communication. Work sheets, containing the items enumerated on page 445, were mailed with the request that they be prepared only for those positions reported on in the 1955 survey. If the positions have changed in any way whatsoever from the previous year, participants were advised to make this known but not to furnish any data for such positions. This follow-up mail survey is reported as being satisfactory. And as a result, the company plans to continue it in even-numbered years, while the personal visit method will be followed for odd-numbered years.

CASE STUDY—COMPANY B

Company B—a manufacturer of a wide variety of glass, metal, paper and plastic containers, and related products—is noted for its unusual success in administering job evaluation programs for all levels, ranging from unskilled to top-executive classifications. It is one of the original companies to apply the profile-guide chart evaluation to high-level positions in all company divisions.

This company uses personal visits combined with position evaluation as its survey technique—a method initially adopted for surveying nonsupervisory scientific and engineering positions.

The company, by virtue of its products and product-research activities, employs a large staff of scientists, engineers and professional personnel. In the past it was difficult to conduct surveys that yielded reliable data for these positions. The problem was that positions with comparable duties and responsibilities were not to be found. Under the circumstances, the company decided to conduct a survey without a list of bench-mark positions in the selected companies. Primary interest in surveys for high-level technical personnel was due to pressure from the company vice-president who is director of engineering and research. He wanted to know how current salaries compared with those paid by certain selected companies.

The Community

Unlike Company A, the community selected by Company B consisted of twelve firms chosen by the vice-president and director of engineering and research on the basis that all employed large staffs of graduate chemists, physicists and engineers. These companies are among the nation's largest, covering chemical, paper, glass, metal, pharmaceutical and food products. It was recognized there would be little or no relationship in position content for any one professional job among the participants. And the participating companies were limited to twelve because increasing the number would not have increased the reliability of survey results.

While no bench-mark positions were used, the company was interested in assembling data for positions identified by titles such as the following:

Analytical chemist
Ceramic engineer
Chemical engineer
Electronic engineer
Glass technologist
Mechanical designer
Mechanical engineer
Physicist
Refractories engineer
Synthetic chemist

With the possible exception of ceramic engineer and glass technologist, these positions, as well as others, are known to exist in several industries. However, the duties or make-up of the positions vary among industries. For example, a cathode ray tube manufacturer employs electronic engineers for product development and application; another company has similar professionals concerned with the installation and maintenance of automated equipment used in a manufacturing process. But differences in position content presented no obstacle, because the objective was to determine the "level" of salaries paid by the participating companies. And this, the surveying company believed, could be done without comparable positions as reference points. This approach also has the advantage of not being concerned with the number of exposures for selected positions.

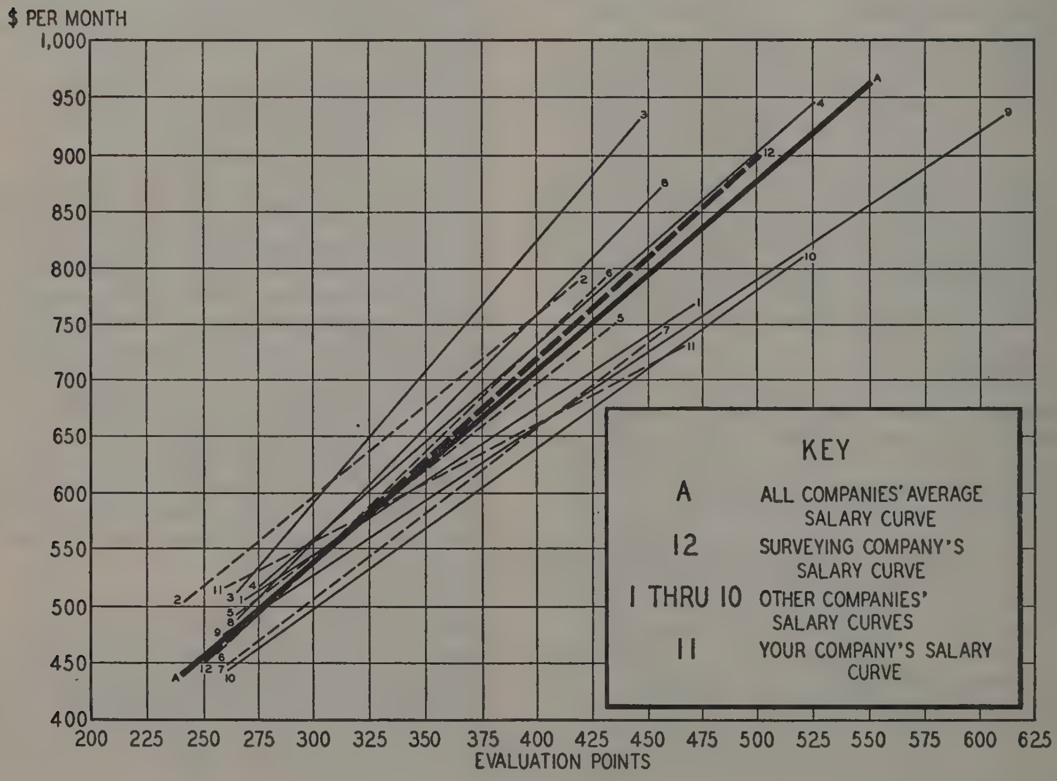
Conducting the Survey

The vice-president and director of engineering and research and the company director of wage and salary administration communicated with their counterparts in participating companies to plan for making the survey. These initial contacts were followed by personal visits of the director of wage and salary administration and his assistant. A schedule of dates was set up with not less than one full day allowed for each participating company.

Prior to personal visits, participants were requested to have descriptions of a dozen or more positions meeting the following standards:

1. Positions identified in the company for their stability in duties and responsibilities, which are not subject to change with changes in incumbents
2. Positions not filled by incumbents who are eligible to participate in current incentive or bonus plans

Chart A: Salary Survey of Nonsupervisory Scientific and Engineering Personnel



3. Positions for which there is an acknowledged shortage of qualified manpower
4. Positions filled by incumbents with not less than three years nor more than ten years of service with the company
5. Positions representative of the salary structure for nonsupervisory scientific and engineering jobs, located midway between the lowest and highest ends of the structure, with no less than three jobs each in these two extremes.

Neither questionnaires nor work sheets were furnished to participants. And the company did not distribute any of its position descriptions, since they were unnecessary. Instead, company representatives brought along the evaluation plan and evaluation work sheets designed for this level of positions.

Present for the discussion were the participant's wage and salary administrator and one or more persons qualified to talk about the positions. This latter group usually included a "specialist" with a title such as director of engineering and research, chief engineer, director of engineering or director of research. The surveying company's representatives read the position descriptions and asked a variety of questions to clarify the material and correct any misunderstandings.

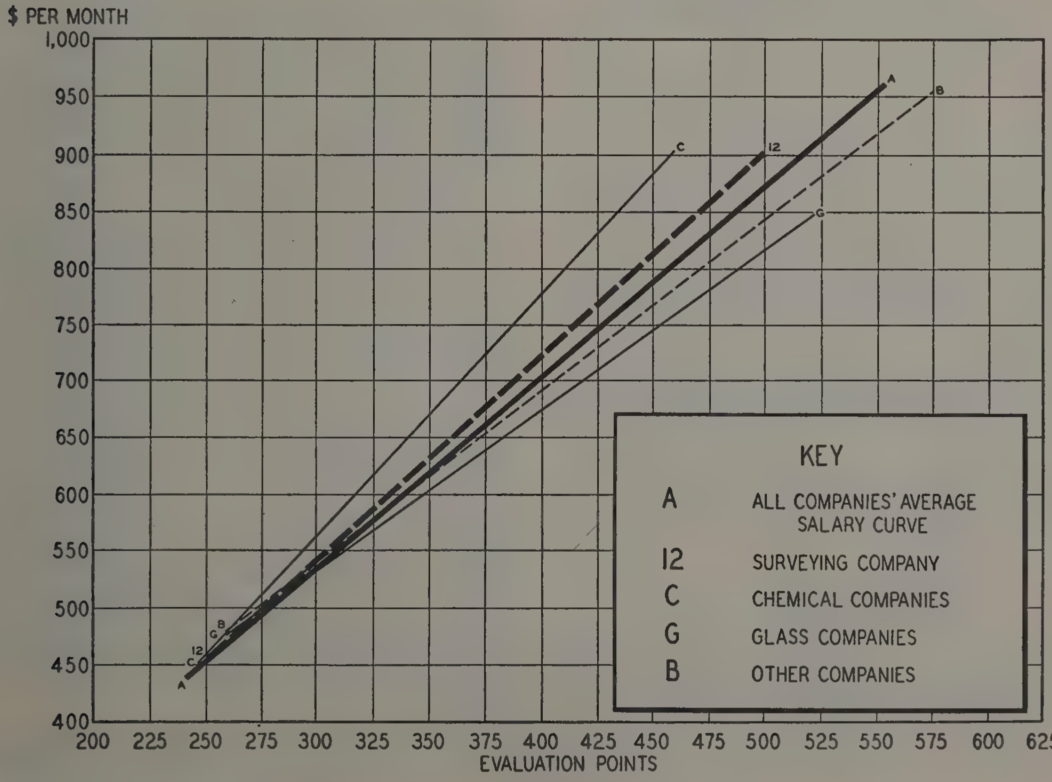
In the process of questioning, each position was being evaluated—with the ratings and supporting evidence noted on the evaluation work sheets. The results of the evaluation of all positions rated during the discussion were made known to participating company representatives before adjournment. Participants had the right to challenge the evaluations and relative standings of the positions. Every attempt was made to reconcile differences before adjournment. However, if reconciliation was not possible, evaluations made by the surveying company were retained for purposes of making comparisons and reporting survey results.

Participating companies furnished the following salary data for each position covered in the survey:

1. Established rate range
2. Actual minimum paid
3. Actual maximum paid
4. Average of actual paid

Initial evaluation ratings were checked subsequently by other qualified "job analysts" in the office of the surveying company. Errors discovered in position descriptions were reported back to respective participants. Salary data and evaluation ratings were processed to get a line of regression for each company in the survey group. Salary curves were drawn on charts for companies individually and collectively by

Chart B: Salary Survey of Nonsupervisory Scientific and Engineering Personnel



major industrial classifications. Copies of Charts A and B are reproduced on the preceding pages, and these, in essence, represent the summary report. Attached to the charts was a two-page narrative report summarizing the methodology, names of participating companies and overtime pay practices.

Code numbers on Chart A identify individual company curves and are known only to the surveying company. A participating company was advised of its code number and that of the surveying company. These curves were overdrawn in color. Comparison was also possible with each of the other companies, although not specifically known, as well as with groups of companies by industrial classification.

Value of the Survey Method

Company B, for many years, has had a compensation policy that says "the company will pay wages and salaries equal to or higher than those paid by other companies for similar positions requiring comparable skills, abilities and talents." While the company judged this policy to be good, it was dissatisfied with the conventional salary survey methods used to determine if it was living up to the policy for nonsupervisory scientific and engineering personnel. Reference to Charts A and B, which are based on facts obtained from the survey, indicates that the company is abiding by its policy. While the salary structure, as shown in Chart B, is somewhat less than the curve for chemical companies as a group, it is higher than the average for all twelve companies. Company B feels strongly that it would not have been in a position to make the determination without resorting to the personal visits and rating of participants' position descriptions.

At the request of the company president, this same survey method was extended to high-level executive positions. And only recently, the very same method was followed for determining wage and salary structures for the company's new facilities in Cuba, where there is no other plant manufacturing similar products. The company says Cuban firms expressed their appreciation of the firm's not wanting to distort community levels even though no comparable positions were known to exist on the island.

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Life Insurance for Retirees

(Continued from page 425)

(Plan a) One-half coverage continued for twenty-five or more years' service; 40% for twenty to twenty-five years; 30% for fifteen to twenty years; and 20% for ten to fifteen years. In all cases the minimum is $250.

(Plan b) 30% continued for twenty years' service or more; 15% for ten to twenty years.

(Plan c) 25% (minimum $2,000) continued for twenty or more years' service; 15% (minimum $1,500) for ten to twenty years; and 10% (minimum $1,000) for less than ten years.

- One plan provides all employees with less than fifteen years of service with $500; for fifteen to twenty years' service, the minimum is $500 and the maximum is 25% of the insurance in force. At twenty to twenty-five years of service, the maximum is also 25% but the minimum rises to $1,000. For twenty-five or more years of service, the minimum also is $1,000 but the maximum rises to 50%.

PAID-UP INSURANCE

All the companies discussed so far provide life insurance protection to the retired employee by keeping him in the group term insurance plan after retirement. But a few companies—eight in this study—have a program that includes permanent insurance.[1] This kind of life insurance, once it is purchased, remains permanently in force without further premiums. Therefore, the employee at the time he retires has a paid-up policy with a cash-surrender value.

One of the companies studied simply presents its retired employees with this paid-up policy—a $1,000 policy for union employees and a $1,250 policy for nonunion employees. The employee pays nothing for this permanent insurance.

In the other seven companies, however, the employee buys his own paid-up insurance through contributions made while he is an active employee. In these companies, the life insurance program is a combination of group term and paid-up insurance. Under most of these plans, the company first sets an over-all amount of life insurance which it wants the employee to have while working. Then it decides how much it wants the employee to contribute each year. Employee contributions are used exclusively to buy paid-up insurance. Company contributions are used to buy enough term insurance to keep the total protection for the employee at the pre-established level. Therefore, as the total amount of paid-up insurance increases over the years, the total amount of term insurance decreases. And at retirement the company drops the term insurance completely, while the employee keeps the protection of the permanent insurance which he bought with his own money over the years.

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[1] In 1949, seven companies had a permanent insurance program.

Significant Wage Adjustments

A TOTAL of seventy-three wage and salary settlements were confirmed during the month. Of these, seventeen were the result of wage reopening provisions in established contracts, and fifty-four followed contract terminations.[1]

New contracts were written in fifty-six settlements —sixteen for a term of one year, forty for a longer duration. Of the long-term contracts, twenty-two provide for automatic wage increases next year, twelve include wage reopenings, and six make no provision for general wage adjustments during the life of the contract.

Important settlements in the meat-packing, can-manufacturing, aircraft, and telephone industries were reported during the period. These settlements include many currently popular wage and fringe items as well as some new fringes. Particularly prevalent in the long-term contracts are automatic annual wage adjustments and increment adjustments.

Meat Packing and Can Manufacturing

The two major meat packing agreements reported this month affect 10,000 wage earners. Both contracts will run three years and provide for automatic annual increases. One, which involves the Packinghouse Workers and the Meat Cutters (both AFL-CIO) with John Morrell and Company, calls initially for the addition of 10 and 11 cents respectively to male and female hourly rates. These increases will be followed by general increases of 8.5 cents and 9 cents for women in 1957 and 1958, and of 7.5 cents in both years for men. Also included are provisions for broadening the application of Saturday and Sunday premium pay, improved sick leave, hospital allowances, vacations and night shift premiums.

The other agreement in the meat packing industry is between Hygrade Food Products Corporation and the Packinghouse Workers. It grants a 10 cents an hour increase now and 7.5 cents in both the second and third years. Sex differentials will also be eliminated at Hygrade, and fringe benefits similar to those in the Morrell agreement are granted. In addition "bracket spreads" will be increased.

The new three-year contracts between American Can Company and some 23,000 Steelworkers and Machinists are the result of negotiations occasioned by wage reopenings in agreements that were due to expire next year. Effects of the basic steel pattern are evident in the agreements. Hourly increases of 7.5 cents this year and 7 cents in 1957 and 1958 are provided. In addition, male-female and geographic wage differentials will be eliminated or reduced. Semiannual cost of living adjustments, a 25% increase in pay for holiday work, improved insurance, and vacation provisions are also included, as well as new job evaluations.

Cumulative Sick Leave

A first contract between Vertol Aircraft (successor to Piasecki Helicopter) and the UAW offers 4 cents an hour as a cost of living adjustment, to be followed by a 7-cent general increase next April. A novel fringe benefit, "Vertol Day," will back up one of the other six paid holidays to provide a long weekend. Employees, who are entitled to pay for unused sick leave, will have the alternative of accumulating up to ten days from year to year. But any accrued leave in excess of ten days must be taken in pay rather than

(Text continued on page 456)

November and the First Ten Months of 1956

The fifty-eight hourly wage adjustments reported this month averaged 9 cents; the eleven percentage increases ranged from 5% to 7.5%.

During the preceding ten-month period, the average hourly increase was near 10 cents. The tabulation below compares the hourly wage adjustments confirmed during the current month (October 15 to November 15) with those tabulated over the previous ten months:

	% of Adjustments	
Hourly Increase	*Current Month*	*Previous 10 Months*
Under 3¢	0	.7
3— 5.9	14.0	11.8
6— 8.9	38.6	33.6
9—11.9	29.8	30.6
12—14.9	8.8	12.9
15—17.9	5.3	4.5
18 & over	3.5	5.8
Total	100.0	99.9[a]
Number of adjustments	58	669

[a] Does not total 100% due to rounding.

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[1] The wage reopenings and contract terminations do not total seventy-three because two companies did not report this information.

Wage Adjustments Announced Prior to November 15, 1956

Company and Union(s)	Approximate No. and Type of Employees Affected:* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Chemicals and Allied Products				
Spaulding Fibre Company Tonawanda, N. Y. *Machinists, AFL-CIO*	1,400 WE 10-56	$.18 and $.21 per hr. including inequity adj.	(1) 1.5 times pay for work through lunch hr. (2) Employees on leave must work 1 day in 30 for hol. pay (3) $5 call-in pay for less than 4 hrs.' work, $4 for more than 4 hrs.' work (4) Leaves of absence (except maternity) extended to 2 yrs. (5) Vacations: 1 wk. after 1 yr., 2 wks. after 2 yrs., 3 wks. after 10 yrs., 4 wks. after 20 yrs. (6) 2nd shift premium increased to $.12 per hr. (7) 2 wks.' differential pay for military training	Result of contract expiration. Contract term—1 yr.
Communications				
General Telephone Company of Wisconsin Statewide Wisconsin *Communications Workers, AFL-CIO*	968 WE 9-16-56	$.0568 per hr. (approx.)	(1) 2 wks.' (max.) termination pay for traffic dept. employees displaced by dial conversion (2) Add'l half hol. (3) Improved sick and accident allowances	Result of contract expiration. Contract term—1 yr.
New York Telephone Company Downstate New York *Telephone Traffic Union, ind.*	18,790 WE 9-18-56	$2 per wk.; but $3 at max., $4 at min.	Operators' day shifts reduced to 7.5 hrs. from 8; late evening shifts increased to 6.5 hrs. from 6	Result of contract expiration. Contract term—2 yrs.
Northwestern Bell Telephone Company Interstate *Communications Workers, AFL-CIO*	20,160 WE 10-28-56	$3.16 per wk. ($4.40 craft employees; $2.64 clerical and operators)	(1) 3 towns upgraded (2) Max. accidental death benefits increased to $30,000 from $10,000 (3) 2 jobs reclassified upward, differential on 1 job increased	Result of contract expiration. Contract term—1 yr.
Ohio Bell Telephone Co. Statewide Ohio *Communications Workers, AFL-CIO*	18,091 WE 9-56	$3 per wk. for traffic operators and clericals; $3 to $5 per wk. for craft. Add'l $1 per wk. to starting rate on the 15-18 mo. step of schedule	(1) Same as (2) above (2) Funeral expense allowance increased to $500 from $200 (3) Sick disability payments: 9 wks. at half pay for employees with 1 to 2 yrs.' service (4) Traffic operating shifts ending at 7:30 P.M. reduced to 7.5 hrs. from 8	Result of contract expiration. Contract term—1 yr.
Electrical Machinery Equipment and Supplies				
Clarostat Mfg. Co., Inc. Dover, N. H. *IUE, AFL-CIO*	800 WE 9-1-56	$.05 per hr. ($.10 per hr. to skilled jobs)	None	Result of wage reopening. Contract expires 1957
Fabricated Metal Products				
American Can Company Interstate *Steelworkers, Machinists—both AFL-CIO*	23,000 WE 10-1-56—Steelworkers; 12-1-56—Machinists	$.075 per hr., add'l $.07 per hr. 1957 and 1958	(1) Reduction or elimination of geographical differences (2) Male-female differentials eliminated	Result of wage reopening. Contract expires 1959

Wage Adjustments Announced Prior to November 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
			(3) Semi-annual cost of living adj. (4) 2.25 times pay for hol. work (formerly 2 times pay) (5) Improved vacations (6) Liberalized group ins. (7) Re-evaluation of jobs (Steelworkers), wage curve slope increased (Machinists)	
od and Kindred Products				
eneral Mills, Inc. Belmond, Ia. *rain Millers, AFL-CIO*	133 WE 9-15-56	$.10 per hr.	*n.a.*	*n.a.*
ygrade Food Products Corp. Interstate *ackinghouse Workers, AFL-CIO*	3,500 WE 10-1-56	$.10 per hr., add'l $.05 per hr. 1957 and 1958; "bracket spread" increased from $.035 to $.04 per hr.	(1) Inequity adj. (2) Female differentials eliminated (3) Shift premiums increased (4) Cost of living adj. (5) Increased sick benefit (6) Improved 36-hr. guarantee Sat. and Sun. premium pay (7) Improved vacations (8) Improved rest periods (9) Improved meal allowances (10) Improved separation pay (11) Improved pensions	Result of contract expiration. Contract term—3 yrs.
ohn Morrell and Company Ottumwa and Estherville, Ia.; Sioux Falls and Madison, S. D.; Ft. Worth, Tex.; Chicago, Ill. *ackinghouse Workers, Meat utters—both AFL-CIO*	6,500 WE 10-1-56	$.10 per hr. (male) $.11 per hr. (female); add'l $.075 and $.085 per hr. 1957; add'l $.075 and $.09 per hr. 1958	(1) Increased hosp. allowance (2) 2 wks.' vacation after 3 yrs. instead of after 5 (3) Night shift premium increased $.005 1956 and 1957 (4) Improved sick leave (5) Application of Sat. and Sun. premium broadened	Result of contract expiration. Contract term—3 yrs.
achinery (except Electrical)				
ood Machinery and Chemical orporation Chicago, Ill. *teelworkers, AFL-CIO*	153 WE 10-1-56	$.099 per hr.	(1) Improved vacations (2) 7th pd. hol. (3) Improved hosp.	Contract expires 1-1-58. Wage reopening 10-1-57
owmotor Corporation Cleveland, Ohio *AW, AFL-CIO—WE* *o union—S*	615 WE 325 S 9-56	$.08 per hr.—WE 5.56%—S	(1) 7th pd. hol. (2) Jury duty pay (3) Improved pension and ins. (4) 3 days' pd. funeral leave All fringes WE & S	Result of contract expiration. Contract term—2 yrs.—WE. Tandem adj.—S
per and Allied Products				
ort Wayne Corrugated Paper ompany Chicago, Ill. *aperworkers, AFL-CIO*	200 WE 9-1-56	$.09 per hr., add'l $.09 per hr. 9-1-57	3 days' pd. funeral leave	Result of contract expiration. Contract term—2 yrs.
mary Metal Products				
merican Smelting and efining Company Garfield, Utah *teelworkers, AFL-CIO*	1,291 WE 57 S 9-1-56	$.10 per hr. plus $.0025 increment increase, add'l $.07 per hr. plus $.00125 increment increase 1957 and 1958—WE $17.50 to $22.50 per mo.,	(1) Jury duty differential pay for 15 days (formerly 10 days) (2) Increased pay for hol. work (3) Improved pension plan	Result of contract expiration. Contract term—3 yrs.

(*Continued on next page*)

Wage Adjustments Announced Prior to November 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
		add'l $12 to $14 per mo. 1957 and 1958—S	(4) Improved total and permanent disability benefits (9-1-58) (5) Improved social ins., health and welfare benefits All fringes WE & S	
Copperweld Steel Company Ohio Seamless Tube Division Shelby, Ohio *Steelworkers, AFL-CIO—WE* *n.a.—S*	500 WE 9-1-56 *n.a.* S	Unstipulated amount 1956, add'l $.091 per hr. 1957 and 1958—WE 5% ($18 per mo. min.)—S	Escalator clause among others	Result of wage reopening
Professional, Scientific and Controlling Instruments				
Colson Corporation Elyria, Ohio *Federal Labor Union, AFL-CIO*	450 WE 8-1-56 (signed 9-15-56)	$.10 per hr., add'l $.06 per hr. 8-1-57	(1) Max. hosp. increased to 120 days from 70 days (2) Cost of living provision (3) Pension plan to be negotiated 8-1-58 to cost $.06 to $.08 inclusive	Result of contract expira tion. Contract term—3 yrs
Robertshaw-Fulton Controls Company Fulton Sylphon Division Knoxville, Tenn. *Steelworkers, AFL-CIO*	1,400 WE 9-1-56	$.10 per hr., add'l $.09 per hr. 9-1-57, add'l $.08 per hr. 9-1-58	1 add'l pd. hol.	Result of contract expira tion. Contract term—3 yrs
Retail Trade				
Labor Standards Association Philadelphia, Pa. *Amalgamated Clothing Workers, AFL-CIO*	200 WE 9-1-56	$4 per wk.	None	Result of contract expira tion. Contract term—2 yrs
Textile Mill Products				
Kenyon Piece Dye Works Kenyon, R. I. *Textile Workers, AFL-CIO*	425 WE 10-1-56	$.06 per hr.	None	Result of contract expira tion. Contract term—1 y
Transportation				
Union Barge Line Corporation Pittsburgh, Pa. *Maritime Union, AFL-CIO*	240 WE 6-1-56 (signed 9-18-56)	$.06 per hr.	⅝ day off for each day worked (1956), ¾ day off for each day worked (1957), 1 day off for each day worked (1958)	Result of contract expira tion. Contract term—3 yrs Wage reopening 6-1-58
United Air Lines Interstate *Machinists, AFL-CIO*	7,610 WE 10-1-56	$.176 per hr. package (incl. $.04 per hr. retroactive to 3-11-56 and fringe item)	Company pays 25% of sick and accident premium	Result of wage reopenin Contract expires 10-1-57
Transportation Equipment				
Fedders-Quigan Corporation Buffalo, N. Y. *Steelworkers, AFL-CIO*	500 WE 9-1-56	$.085 per hr., add'l $.07 per hr. 9-1-57 and 9-1-58	(1) Life ins. increased to $4,000 from $3,000 (2) Dependent surgical increased to $280 from $240 (3) Jury duty differential pay (4) Add'l ½ hol. (1957)	Result of contract expira tion. Contract term—3 yrs
Vertol Aircraft Corporation Morton, Pa. *UAW, AFL-CIO*	2,950 WE 10-1-56	$.04 per hr. cost of living adj. based on 7-56 CPI of 117.0, add'l $.07 per hr. wage increase 4-1-57	(1) 3 wks.' vacation after 12 yrs. (1957) (2) Noncontributory pension plan: $2 per mo. for each yr. of credited service to 30 yrs. (1-1-57)	First contract. Contract ter 2 yrs.

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
			(3) Sick and accident wkly. indemnity increased to $45 per wk. from $40 at no add'l cost to employees (4) Sick leave cumulative to 10 days max. (5) Automatic wage progression (6) 7 pd. hols., "Vertol Day" to precede or follow another hol. to provide for longer weekend	

CANADIAN WAGE ADJUSTMENTS

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
nthes-Imperial Co., Ltd. St. Catharines, Ont. *AW, CLC*	410 WE 5-28-56	$.23 per hr. (incl. cost of pension plan)	(1) Pension benefits increased to $27 per yr. of service from $20 (2) Life ins. and accidental death and dismemberment increased to $2,000 from $1,000	Result of contract expiration. Contract term—3 yrs.
ridge and Tank Company, Ltd., amilton Bridge Division Hamilton, Ont. *teelworkers, CLC*	333 WE 6-1-56	3% av.	None	Result of wage reopening. Contract expires 6-1-57
anadian Blower & orge Co., Ltd. Kitchener, Ont. *teelworkers, CLC—WE* *o union—S*	290 WE 90 S 6-15-56	6%, add'l 5% (incl. $.035 for employee contribution to pension plan) eff. 6-15-57 —WE & S	(1) Increased company contribution to health plan and Blue Cross (6-15-57) —WE & S (2) Contributory pension plan (6-15-57)—WE & S	Result of contract expiration. Contract term—2 yrs.—WE. Tandem adj.—S
anadian Meter Company Milton, Ont. *teelworkers, CLC*	65 WE 7-3-56	$.06 per hr.	*n.a.*	Result of contract expiration. Contract expires—4-29-57
anadian Warren-Pink, Ltd. St. Catherines, Ont. *lectrical Workers (UE), ind.*	56 WE 7-2-56	$.09 per hr., add'l $.06 per hr. 1957 and 1958	(1) 50% company contribution to ins. plan (2) Workweek reduced to 40 hrs. from 41¼	Result of contract expiration. Contract term—3 yrs.
ominion Steel & Coal Corp. Sydney, N. S. *teelworkers, CLC*	4,000 WE 4-1-56	$.15 per hr.	Company contribution of $.025 per hr. to welfare fund	Result of contract expiration. Contract term—1 yr.
uclos & Payan, Ltd. St Hyacinthe, Que. *yndicat National des Tanneurs et orroyeurs et Contreforts Inc. de t. Hyacinthe, Que.*	112 WE 7-1-56	$.03 per hr.	40% company contribution to ins. plan	Result of contract expiration. Contract term—1 yr.
lectric Tamper Ltd. Lachine, Que. *UE, CLC*	480 WE 6-18-56	6.25% on basis of reduction in workweek to 40 hrs. from 42.5. Add'l $.01 per hr. inequity adj.	(1) 50% company contribution to ins. plan (2) 2 times pay for hol. work	Result of contract expiration. Contract term—1 yr.
astern Steel Products, Ltd. Toronto and Preston, Ont. *teelworkers, CLC*	365 WE 7-1-56	$.045 per hr.	None	Result of contract expiration. Contract term—2 yrs.
xolon Company Thorold, Ont. *hemical Workers, CLC*	200 WE 5-1-56	$.07 per hr.	(1) Company and employee contributions to pension plan each increased to 4% from 3% (2) Sick benefits increased to $35 per wk. from $30	Result of contract expiration. Contract term—1 yr. Wage reopening 11-1-56

(Continued on next page)

Wage Adjustments Announced Prior to November 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
			(3) Shift premium increased to $.08 and $.10 per hr. from $.07 and $.09	
G. L. Griffith & Sons, Ltd. Stratford, Ont. *Rubber Workers, CLC*	183 WE 7-16-56	$.045 per hr.	Improved vacation plan	Result of contract expiration. Contract term—1 yr
Lowe Brothers Co., Ltd. Toronto, Ont. *Chemical Workers, CLC*	65 WE 4-17-56 (signed 6-19-56)	4%, add'l 5% 4-17-57	Extra day pd. vacation when statutory hol. falls during an employee's vacation	Result of contract expiration. Contract term—2 yrs
Marine Industries, Ltd. Sorel, Que. *Le Syndicat National des Chantiers Maritimes de Sorel Inc., CCCL*	1,581 WE 8-1-56	$.0725 per hr., add'l $.07 per hr. 1957	(1) Add'l pd. hol. (2) Increased company contribution to group ins. (3) 3 times pay for hols. worked (4) Improved vacation	Result of contract expiration. Contract term—2 yrs
Neptune Meters, Ltd. Long Branch, Ont. *Steelworkers, CLC*	160 WE 5-22-56	8% (incl. 5% increase effected through reduction of workweek to 40 hrs. from 42)	Noncontributory hospital-medical-surgical ins. (1957)	Result of contract expiration. Contract term—2 yrs Wage reopening Jan., 1957
Redmond Motors of Canada, Ltd. St. Thomas, Ont. *Steelworkers, CLC*	78 WE 5-28-56	$.08 per hr., add'l $.05 per hr. 3-1-58	$15 wkly. indemnity	Result of contract expiration. Contract term—18 mos
Westeel Products, Ltd. St. Boniface, Man.; Regina and Saskatoon, Sask.; Edmonton, Alta.; Vancouver, B. C. *Steelworkers, CLC*	660 WE 5-15-56	Specific amt. not stipulated, increases vary; total not to exceed 5% of payroll	(1) 3 wks.' vacation after 15 yrs. (1957) (2) Company contribution to welfare plan doubled (8-1-56) (3) Shift premium increased by $.02 to $.07 an hr. (Regina, Saskatoon, and Edmonton)	Result of contract expiration. Contract term—1 yr

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* WE wage earner; S, salaried personnel; *n.a.*, not available.
** Fringe benefits include all benefits received by workers at a cost to employers.

(Text continued from page 451)

as time off. Other provisions include improved vacations and sickness and accident benefits, a noncontributory pension plan and automatic wage progressions. The agreement, which will run two years, affects nearly 3,000 workers at the company's Morton, Pennsylvania, plant.

Communications

Four agreements, affecting about 58,000 telephone employees around the country, provide weekly increases which, while varying among companies and jobs, generally range from $2 to $5.

The largest settlement in this field, which involves 20,000 people, is between Northwestern Bell and the Communications Workers. This grants an average raise of $3.16 per week—clerical personnel and operators get $2.64 and craft employees, $4.40. Under an agreement with the same union, Ohio Bell will give its traffic operators and clerical personnel a $3 weekly raise and craft workers, $3 to $5. The New York Telephone Company has agreed with the independent Telephone Traffic Union to increase the rates of nearly 19,000 traffic employees by $2 a week. However, maximum rates will get $3 a week, and minimum rates $4.

The three agreements with the Communications Workers are for one year, while that with the Traffic Union runs two years. All provide limited fringe items, most related to operating conditions peculiar to the industry.

Details of many of the eighty-seven settlements in the United States and Canada can be found in the table beginning on page 452.

Mitchell Meyer
N. Beatrice Worthy
Statistical Division

Studies in Business Economics

No. 53—Interest Rates and Monetary Policy
No. 52—Income and Resources of Older People
No. 51—Productivity in Industry
No. 50—The Economics of Consumer Debt
No. 49—The Business Outlook for 1956
No. 48—The "Fair Trade" Question
No. 47—Growth Patterns of States
No. 45—Convertibility and Foreign Trade
No. 44—Industrial Russia—The New Competitor
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No. 35—Basic Issues in Decontrol
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No. 30—Strike Controls in Essential Industries
No. 29—Defense Economics—CEA Model
No. 28—Key Materials: Current Supply and Outlook
No. 24—Economics of the Work Week
No. 23—When Should Wages Be Increased?
No. 18—America's Mineral Resource Position
No. 15—Behavior of Wages
No. 10—Dividend Policy and Tax Problems
No. 9—The "Miracle" of Productivity
No. 8—Union Health and Welfare Funds
No. 6—Full Employment and Scarcity
No. 5—Will the Guaranteed Annual Wage Work?

In the December Business Record

Report No. 2 on New Capital Series—New capital appropriations in the third quarter of 1956 were 8% below the 1955 third-quarter rate. For the first three quarters, however, the rate was 23% higher than for those nine months in 1955. And the backlog on September 30, 1956, was 43% higher. These figures are part of the second report on the quarterly survey of capital appropriations among the 1,000 largest manufacturing companies. These surveys are being conducted by The Conference Board under the financial sponsorship of Newsweek magazine.

Executives on Tight Money—More companies plan to increase their capital spending in 1957 than plan to cut back from their 1956 rate, according to replies from 220 companies queried by the Board. Nevertheless, almost one out of five report tight money conditions restricting their capital programs, or slower collections straining their working capital. An industry-by-industry breakdown of 1957 capital sources and needs is given.

Goods in Terms of Work Time—Has the work time required to buy a given commodity or service increased or lessened in recent years? And is it comparable from industry to industry? An article in this issue gives answers to these questions.

Value of Economic Research—When it comes to company planning, economic research is "indispensable," says one firm's president. Many companies participating in the Board's survey on this subject agree with him. The report gives pros and cons and cites differences in concept among companies as to what economic research is and what its uses are.

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REMEMBER MR. HARVEY?

He's the engineer you met a couple of months ago on the back cover of Management Record, when the question was asked: "Why on earth would this conservative, middle-class, white collar worker want a union to represent him?"

The answer, of course, lies in the engineer's feeling of discontent in his job situation. But while unions believe that unionization is the way to solve this problem, engineering societies, for one, emphatically disagree. They feel that the employer can establish employment standards that make unionization of engineers unnecessary and unlikely.

What these standards of employment encompass as well as the major areas of discontent found among engineers today are both carefully explored in the Board's new report, "Unionization Among American Engineers." Thumbnail sketches of the major unions operating in this field are given; and a chapter is devoted to the legal aspects of engineer unionization. Key provisions in contracts are analyzed, with the spotlight on patent agreements, pay provisions, seniority provisions, and grievance procedures.

From this comprehensive presentation, a clear picture emerges of the reasons for engineer unionization, as well as the steps that some organizations feel need to be taken to make unionization unnecessary.

This report was recently mailed to Associates. If you do not have a copy, write the Board and ask for:

UNIONIZATION AMONG AMERICAN ENGINEERS

STUDIES IN PERSONNEL POLICY, NO. 155